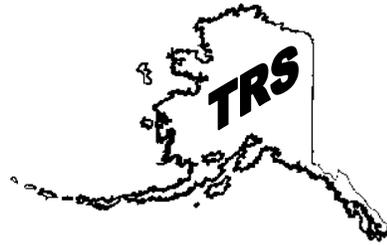




State of Alaska

Teachers' Retirement System

Actuarial Valuation Report
as of June 30, 2001



State of Alaska
Teachers' Retirement System

Actuarial Valuation Report
as of June 30, 2001

William M. Mercer, Incorporated
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206 808 8800

March 18, 2002

State of Alaska
Teachers' Retirement Board
Department of Administration
Division of Retirement & Benefits
P.O. Box 110203
Juneau, AK 99811-0203

Dear Members of the Board:

Actuarial Certification

The annual actuarial valuation required for the State of Alaska Teachers' Retirement System has been prepared as of June 30, 2001 by William M. Mercer, Incorporated. The purposes of the report include:

- (1) a review of experience under the Plan for the year ended June 30, 2001;
- (2) a determination of the appropriate contribution rate for all employers in the System;
and
- (3) the provision of reporting and disclosure information for financial statements, governmental agencies, and other interested parties.

The following schedules that we have prepared are included in this report:

- (1) Summary of actuarial assumptions and methods (Section 2.3)
- (2) Schedule of active member valuation data (Section 2.2(c))
- (3) Schedule of benefit recipients added to and removed from rolls (Section 2.2(i))
- (4) Solvency test (Section 3.3)
- (5) Analysis of financial experience (Section 3.1)

In preparing this valuation, we have employed generally accepted actuarial methods and assumptions, in conjunction with employee data provided to us by the System's staff and financial information provided by the audited report from KPMG LLP, to determine a sound value for the System liability. This data has not been audited, but it has been reviewed and found to be consistent, both internally and with prior years' data. The actuarial assumptions are based on the results of an experience study presented to the Board in October 2000 and adopted in December 2000.

The contribution requirements are determined as a percentage of payroll, and reflect the cost of benefits accruing in FY01 and a rolling amortization of the funding surplus or the unfunded accrued liability. The amortization period is set by the Board. Contribution levels are recommended by the Actuary and adopted by the Board each year. Over time, the contribution rate is expected to remain constant as a percentage of payroll. The ratio of assets to liabilities decreased from 99.6% to 95.0% during the year. Over the years, progress has been made toward achieving the funding objectives of the System.

The Division of Retirement and Benefits implemented a new administrative system (CRS) in 2000. The new system provides more accurate data to be used in the annual actuarial valuation. Due to the differences in the data between the old and new systems there were one-time data adjustments which affected the liabilities calculated for the System. A summary of the actuarial assumptions and methods is presented in Section 2.3 of this report. The assumptions, when applied in combination, fairly represent past and anticipated future experience of the System.

Future contribution requirements may differ from those determined in the valuation because of:

- (1) differences between actual experience and anticipated experience based on the assumptions;
- (2) changes in actuarial assumptions or methods;
- (3) changes in statutory provisions; or
- (4) differences between the contribution rates determined by the valuation and those adopted by the Board.

The undersigned are members of the American Academy of Actuaries and the Society of Actuaries and are fully qualified to provide actuarial services to the State of Alaska.

We believe that the assumptions and methods used for funding purposes and for the disclosures presented in this report satisfy the parameter requirements set forth in the Government Accounting Standards Board (GASB) Statement Nos. 25 and 27.

We believe that this report conforms with the requirements of the Alaska statutes, and where applicable, other federal and accounting laws, regulations and rules, as well as generally accepted actuarial principles and practices.

Sincerely,



Brian R. McGee, FSA, MAAA



James W. Jacobson, ASA, MAAA

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Report Highlights

This report has been prepared by William M. Mercer, Incorporated for the State of Alaska Teachers' Retirement System to:

- (1) Present the results of a valuation of the Alaska Teachers' Retirement System as of June 30, 2001;
- (2) Review experience under the plan for the year ended June 30, 2001;
- (3) Determine the appropriate contribution rate for each employer in the System; and
- (4) Provide reporting and disclosure information for financial statements, governmental agencies, and other interested parties.

The report is divided into three sections. Section 1 contains the results of the valuation. It includes the experience of the plan during the 2001 Fiscal Year, the current annual costs, and reporting and disclosure information.

Section 2 describes the basis of the valuation. It summarizes the plan provisions, provides information relating to the plan participants, and describes the funding methods and actuarial assumptions used in determining liabilities and costs.

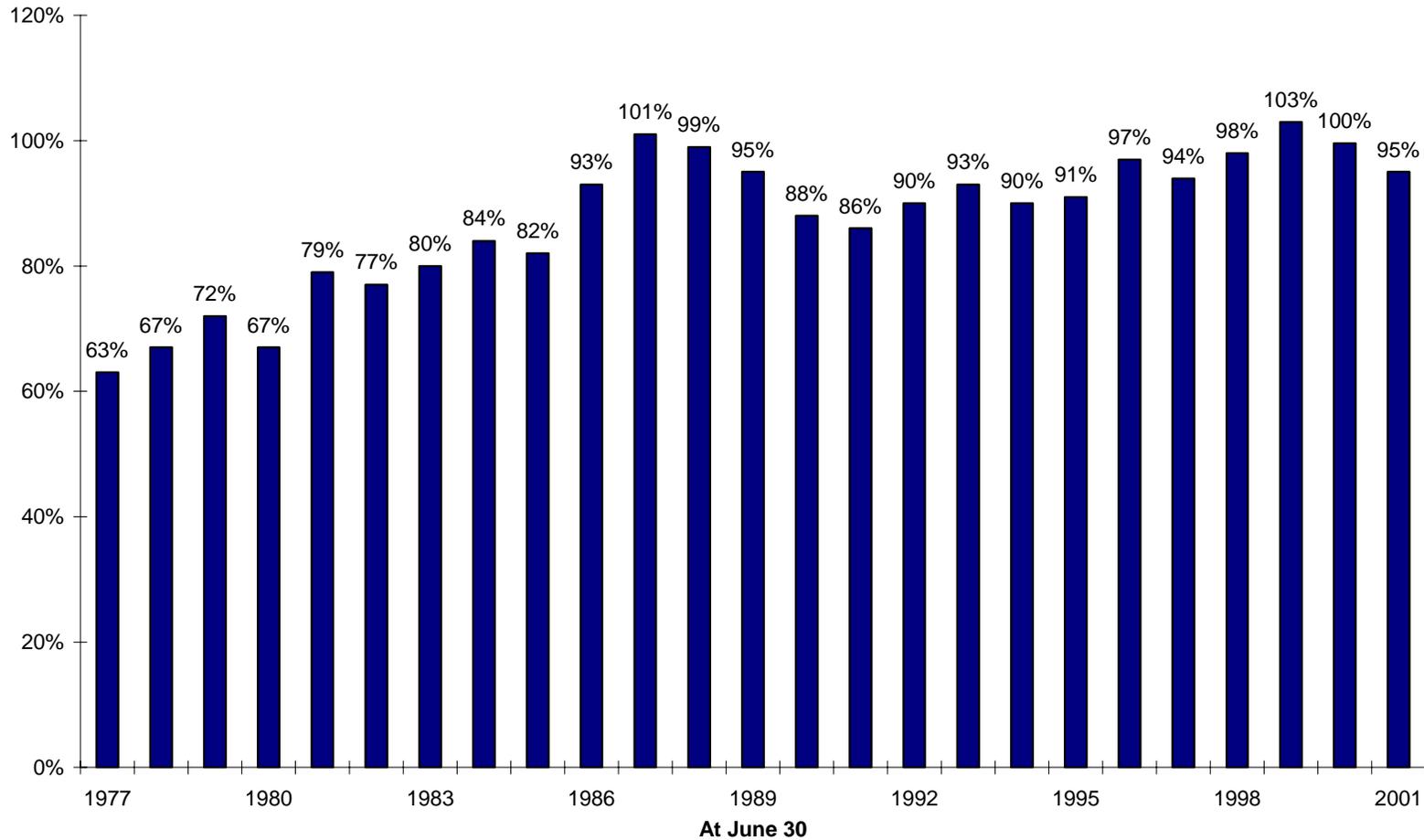
Section 3 contains additional exhibits showing historical information on system experience and unfunded liabilities.

The principal results are as follows:

Funding Status as of June 30	2000	2001
(a) Valuation assets*	\$ 4,184,015	\$ 4,372,229
(b) Accrued liability*		
i) Non-medical benefits	3,350,552	3,651,488
ii) Total benefits (including medical)	4,198,868	4,603,147
(c) Funding Ratio, (a) ÷ (b)		
i) Non-medical benefits	124.9%	119.7%
ii) Total benefits (including medical)	99.6%	95.0%

* In thousands.

State of Alaska - TRS Funding Ratio History



Report Highlights *(continued)*

Employer Contribution Rates for Fiscal Year:	2003	2004
(a) Normal Cost Rate	9.40%	10.36%
(b) Contribution Rate Adjustment	(1.38%)	(0.03%)
(c) Past Service Rate	0.27%	4.11%
(d) Total Employer Contribution Rate <i>(a) + (b) + (c)</i>	8.29%	14.44%
(e) TRS Board Adopted Employer Contribution Rate	11.00%	12.00%

Analysis of the Valuation

As shown in the Highlights section of the report, the funding ratio as of June 30, 2001 has decreased from 99.6% to 95.0%, a decrease of 4.6%. The total calculated employer contribution rate has increased from 8.29% of payroll for FY03 to 14.44% for FY04, an increase of 6.15%. The reasons for the change in the funded status and calculated contribution rate are explained below.

(1) Retire Medical Insurance

The following table summarizes the monthly premium per benefit recipient since retiree medical benefits have been provided under PERS and TRS.

Time Period	Monthly Premium Per Retiree For Health Coverage	Annual Percentage Change	Average Compound Annual Increase Since FY78
2/1/76-1/31/77	\$ 34.75	--	--
2/1/77-1/31/78	57.64	66%	--
2/1/78-1/31/79	69.10	20%	20%
2/1/79-1/31/80	64.70	-6%	6%
2/1/80-1/31/81	96.34	49%	19%
2/1/81-1/31/82	96.34	0%	14%
2/1/82-1/31/83	115.61	20%	15%
2/1/83-1/31/84	156.07	35%	18%
2/1/84-1/31/85	191.85	23%	19%
2/1/85-1/31/86	168.25	-12%	14%
2/1/86-1/31/87	165.00	-2%	12%
2/1/87-1/31/88	140.25	-15%	9%
2/1/88-1/31/89	211.22	51%	13%
2/1/89-1/31/90	252.83	20%	13%
2/1/90-1/31/91	243.98	-4%	12%
2/1/91-1/31/92	243.98	0%	11%
2/1/92-1/31/93	226.90	-7%	10%
2/1/93-1/31/94	309.72	37%	11%
2/1/94-1/31/95	336.05	9%	11%
2/1/95-1/31/96	350.50	4%	11%
2/1/96-1/31/97	350.50	0%	10%
2/1/97-1/31/98	368.00	5%	10%
2/1/98-12/31/98	368.00	0%	9%
1/1/99-12/31/99	442.00	20%	10%
1/1/00-12/31/00	530.00	20%	10%
1/1/01-12/31/01	610.00	15%	10%
1/1/02-12/31/02	668.00	10%	10%

As you can see from the above table, the monthly retiree medical premium for the January 1, 2002 to December 31, 2002 time period has increased to \$668.00. Over the last 10 years, annual premium rate changes have ranged from no change to up 37%, but the average compound annual increase has been about 11%.

Analysis of the Valuation *(continued)*

Effective June 30, 2000, the Board adopted a health cost trend assumption which varies by year, declining to an ultimate rate equal to inflation plus 0.5%, or 4.0% for FY14 and later. If the long-term assumption remains reasonable, short-term gains and losses from the annually-determined medical premium rate will offset each other over time.

To help avoid the volatility in the funding and solvency of the System from bringing large health-related gains and losses into the System every year, we have been using the health cost trend assumption to determine actuarial liabilities for retiree medical benefits.

On June 30, 1999, the assumed total blended premium was reset to the actual total blended premium for FY00. The difference between the assumed rate and the actual rate will be tracked annually and reduced if the gap becomes too wide. Also, adjustments will be made, if necessary, to the assumed medical premium rate every four to five years when a formal experience analysis is performed.

Because no adjustments were made to the assumed medical premium rate this year, the average employer contribution rate was unaffected by medical cost experience.

(2) Recognition of Investment Experience Outside the 5% Corridor

The approximate FY01 investment return based on market values was (5.61%). As of June 30, 2001, valuation assets are \$81,039,000 above the corridor (deferred loss). When subtracted from the outstanding balance of previously deferred gains, this resulted in a \$1,926,000 deferred gain to be amortized, creating a (0.03%) contribution rate adjustment. Compared to the (1.38%) contribution rate adjustment last year, the net effect was an increase in the employer contribution rate of 1.35%.

Analysis of the Valuation *(continued)*

(3) Salary Increase

During the period from June 30, 1999, to June 30, 2001, salary increases were less than anticipated in the valuation assumptions. Salary experience resulted in an actuarial gain which increased the funding ratio by 1.2% and lowered the total employer contribution rate by 1.68% of total payroll.

(4) Employee Data

Section 2.2 provides statistics on active and inactive participants. The number of active participants increased 4.5% from 9,396 at June 30, 1999 to 9,815 at June 30, 2001. The average age of active participants increased from 43.56 to 44.19 and average credited service increased from 10.34 to 10.62 years.

The number of retirees and beneficiaries increased 13.1% from 6,486 to 7,333, and their average age increased from 62.74 to 63.17. There was a 33.3% decrease in the number of vested terminated participants from 1,150 to 767. Their average age decreased from 49.89 to 49.15.

The overall effect of these participant data changes was an actuarial loss to the System, resulting in an increase in the total employer contribution rate equal to 2.66% of total payroll.

(5) Ad hoc PRPA

An ad hoc Post Retirement Pension Adjustment (PRPA) was granted during FY01. This increased benefit payments to many Tier I (hired before July 1, 1990) retirees.

The overall effect of the ad hoc PRPA was an actuarial loss to the System of approximately \$8,226,000 which lowered the funding ratio by 0.2% and increased the total employer contribution rate by 0.16% of total payroll.

Analysis of the Valuation *(continued)*

(6) Data Collection

The Division of Retirement and Benefits implemented a new administrative system (CRS) in 2000. The new system provides more accurate data to be used in the annual actuarial valuation.

Due to the differences in the data between the old and new systems, there were one-time data adjustments which affected the liabilities calculated for the System.

The net effect of these data adjustments was an increase in the total employer contribution rate of 3.49%.

(7) System Benefit Changes

Effective June 30, 2001, all retired members over age 60 and all members who retire with at least twenty-five years of membership service become eligible for full System-paid postemployment healthcare benefits, regardless of hire date.

This System benefit enhancement increased the total employer contribution rate by 0.17%

(8) Actuarial Projections

At the Fall 1991 Board Meetings, the TRS Board approved the use of an enhanced actuarial projection system in the valuation report. The same actuarial cost method is used, but the enhanced system projects population growth patterns and their associated liabilities 25 years into the future. By also projecting plan assets, this report in effect produces an actuarial valuation for each of the next 25 years. Section 1.5, Actuarial Projections, contains the results of this analysis.

This type of information can be especially useful to multi-tiered systems, such as TRS. All of the projected new entrants will be covered under the provisions of the current tier, so that the ultimate effect on plan liabilities can be anticipated. As you can see in Section 1.5, based on the actuarial assumptions and asset valuation method, future contribution rates are expected to decline and then remain fairly stable.

Analysis of the Valuation *(continued)*

Summary

The following table summarizes the sources of change in the total employer contribution rate:

1. Last year's average employer contribution rate	8.29%
2. Change due to:	
a. Recognition of investment experience outside the 5% corridor	1.35%
b. System benefit changes	0.17%
c. Salary increases	(1.68)%
d. Demographic experience	
▪ Employee data	2.66%
▪ Data collection	3.49%
e. Ad hoc PRPA	0.16%
3. Average employer contribution rate this year	14.44%

Section 1

This section sets forth the results of the actuarial valuation.

- Section 1.1(a) Shows the statement of net assets as of June 30, 2001.
- Section 1.1(b) Shows the changes in net assets during FY01 and develops the investment return for FY01.
- Section 1.1(c) Develops the expected valuation assets.
- Section 1.1(d) Develops the contribution rate adjustment.
- Section 1.2 Shows the actuarial present values as of June 30, 2001.
- Section 1.3 Calculates the total employer contribution rate for FY04.
- Section 1.4 Calculates the actuarial gain or loss for FY01.
- Section 1.5 Contains the actuarial projections.

1.1(a) Statement of Net Assets

As of June 30, 2001 (in thousands)	Pension	Postemployment Healthcare	Total Market Value
Cash and Cash Equivalents	\$ 453	\$ 102	\$ 555
Domestic Equity Pool	1,336,430	343,674	1,680,104
Retirement Fixed Income Pool	856,062	191,842	1,047,904
International Equity Pool	543,586	121,816	665,402
Real Estate Pool	241,255	54,065	295,320
International Fixed Income Pool	158,335	35,482	193,817
Private Equity Pool	85,191	19,091	104,282
Emerging Markets Equity Pool	31,920	7,153	39,073
External Domestic Fixed Income Pool	40,188	9,006	49,194
Loans and Mortgages (Net of Reserves)	362	81	443
Net Accrued Receivables	<u>8,785</u>	<u>1,969</u>	<u>10,754</u>
Total Assets	\$ 3,302,567	\$ 784,281	\$ 4,086,848

1.1(b) Statement of Changes in Net Assets

Fiscal Year 2001 (in thousands)	Pension	Postemployment Healthcare	Total Market Value
(1) Net Assets, June 30, 2000, (market value)	\$ 3,626,396	\$ 858,506	\$ 4,484,902
(2) Additions:			
(a) Employee Contributions	39,805	8,920	48,725
(b) Employer Contributions	52,399	11,742	64,141
(c) Interest and Dividend Income	135,117	30,280	165,397
(d) Net Appreciation (Depreciation) in Fair Value of Investments	(327,201)	(73,325)	(400,526)
(e) Net Recognized Mortgage Loan Recovery	<u>6</u>	<u>1</u>	<u>7</u>
(f) Total Additions	\$ (99,874)	\$ (22,382)	\$ (122,256)
(3) Deductions:			
(a) Medical Benefits	0	48,928	48,928
(b) Retirement Benefits	210,945	0	210,945
(c) Refunds of Contributions	3,058	684	3,742
(d) Investment Expenses	8,369	1,876	10,245
(e) Administrative Expenses	<u>1,583</u>	<u>355</u>	<u>1,938</u>
(f) Total Deductions	\$ 223,955	\$ 51,843	\$ 275,798
(4) Net Assets, June 30, 2001, (market value)	\$ 3,302,567	\$ 784,281	\$ 4,086,848

Approximate Market Value Investment Return Rate During FY01,
Net of Expenses

(5.61%)

1.1(c) Development of Expected Valuation Assets

	In Thousands
(1) June 30, 2000 Valuation Assets	\$ 4,184,015
(2) Total Contributions for FY 2001 (Item (2a) + (2b) from 1.1(b))	112,866
(3) Total Benefit Payments for FY 2001 (Item (3a) + (3b) + (3c) from 1.1 (b))	263,615
(4) Expected Investment Return, Net of Expenses, for the period July 1, 2000 through June 30, 2001 $((1) + .5 \times [(2) - (3)]) \times 8.25\%$	338,963
(5) June 30, 2001 Valuation Assets, $(1) + (2) - (3) + (4)$	\$ 4,372,229

1.1(d) Determination of Contribution Rate Adjustment due to Investment Returns Outside of 5% Corridor

	In Thousands
(1) Market Value of Assets at June 30, 2001	\$ 4,086,848
(2) 5% Corridor Around Market Value of Assets	
(a) Upper End (105%)	4,291,190
(b) Lower End (95%)	3,882,506
(3) Valuation Assets at June 30, 2001	4,372,229
(4) Current Amount Outside of Corridor	81,039
(5) Outstanding Balance of Previously Deferred Amounts Outside Corridor	(82,965)
(6) Net Amount to Amortize	(1,926)
(7) Present Value of Total Projected System Payroll Over 20-Year Period (1% population projection scenario)	5,916,331
(8) Contribution Rate Adjustment, (6) ÷ (7)	(0.03%)

1.2 Actuarial Present Values

As of June 30, 2001 (in thousands)	Normal Cost	Accrued Liabilities
Active Members		
Retirement Benefits	\$ 60,521	\$ 993,572
Termination Benefits	4,457	50,301
Disability Benefits	651	17,331
Death Benefits	705	11,891
Return of Contributions	2,815	13,896
Medical Benefits	25,502	341,576
Indebtedness	0	(38,851)
Retirement Incentive Program Receivable	0	0
Subtotal	94,651	1,389,716
Inactive Members		
Not Vested	\$ 0	\$ 22,384
Vested Terminations		
- Retirement Benefits	0	96,341
- Medical Benefits	0	64,353
- Indebtedness	0	(5,473)
Retirees & Beneficiaries		
- Retirement Benefits	0	2,490,096
- Medical Benefits	0	545,730
Subtotal	0	3,213,431
Totals	\$ 94,651	\$ 4,603,147

1.3 Development of Total Employer Contribution Rate – FY04

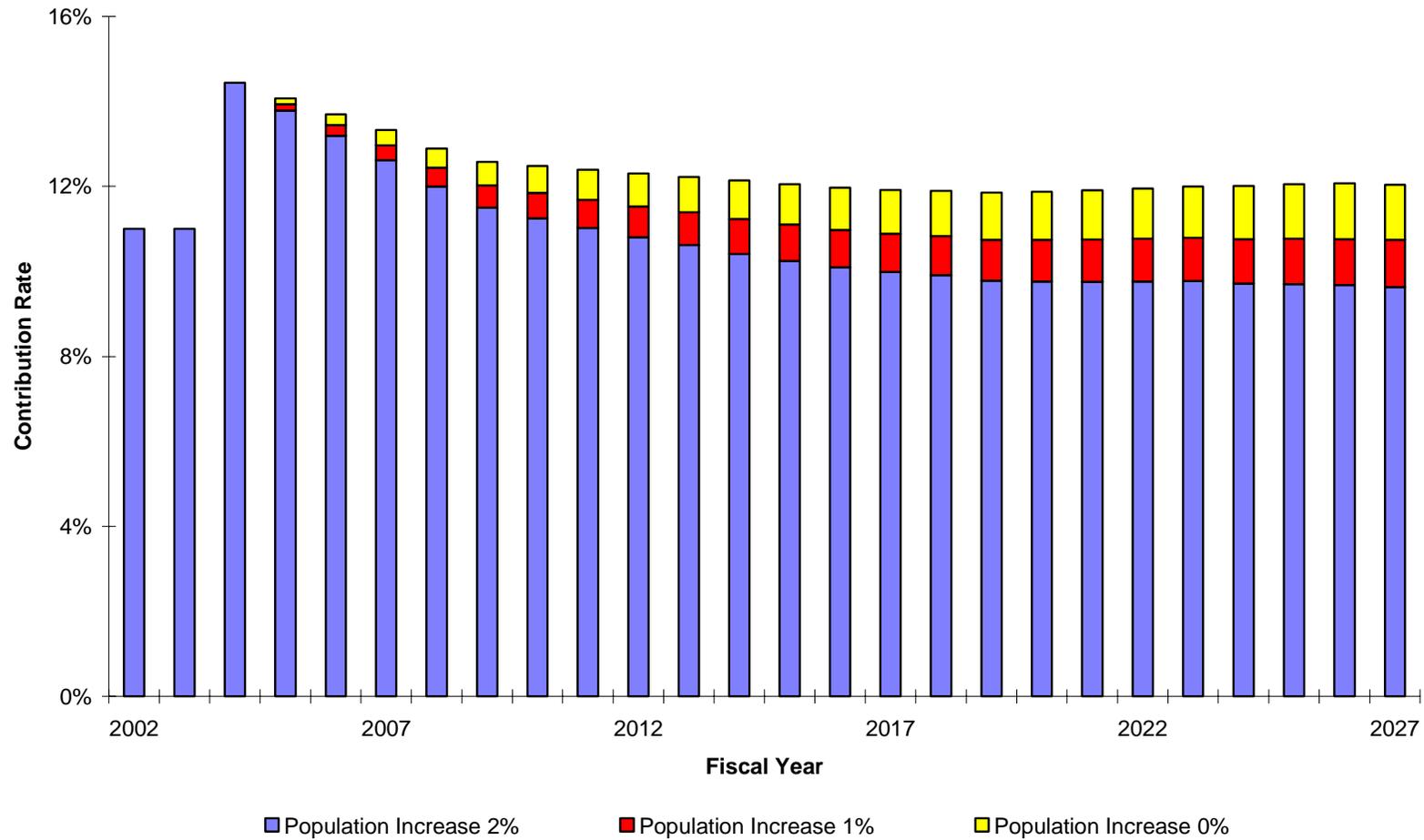
Normal Cost Rate	In Thousands
(1) Total Normal Cost	\$ 94,651
(2) Total Salaries	496,188
(3) Normal Cost Rate, (1) ÷ (2)	19.08%
(4) Average Member Contribution Rate	8.72%
(5) Preliminary Employer Normal Cost Rate, (3) – (4)	10.36%
(6) Net Adjustment Due to Investment Returns Outside of 5% Corridor (Section 1.1(d))	(0.03%)
(7) Employer Normal Cost Rate (5) + (6)	10.33%
Past Service Rate	
(1) Accrued Liability	\$ 4,603,147
(2) Valuation Assets	4,372,229
(3) Total Unfunded Liability, (1) – (2)	230,918
(4) Amortization Factor (25 year)	11.312888
(5) Past Service Cost, (3) ÷ (4)	20,412
(6) Total Salaries	496,188
(7) Past Service Rate, (5) ÷ (6)	4.11%
Total Employer Contribution Rate	14.44%

1.4 Development of Actuarial Gain/(Loss) for FY01

	In Thousands
(1) Unfunded Liability, June 30, 2000	\$ 14,853
(2) Normal Cost for FY01	87,383
(3) Interest on (1) and (2) at 8.25%	8,434
(4) Employee Contributions for FY01	48,725
(5) Employer Contributions for FY01	64,141
(6) Interest on (4) and (5) at 8.25% for one-half year	4,656
(7) Net Increase in Unfunded Liability Due to System Benefit Changes	9,555
(8) Expected Unfunded Liability, June 30, 2001, (1) + (2) + (3) – (4) – (5) – (6) + (7)	2,703
(9) Actual Unfunded Liability, June 30, 2001	230,918
(10) Actuarial Gain/(Loss) for the Year, (8) – (9)	\$ (228,215)

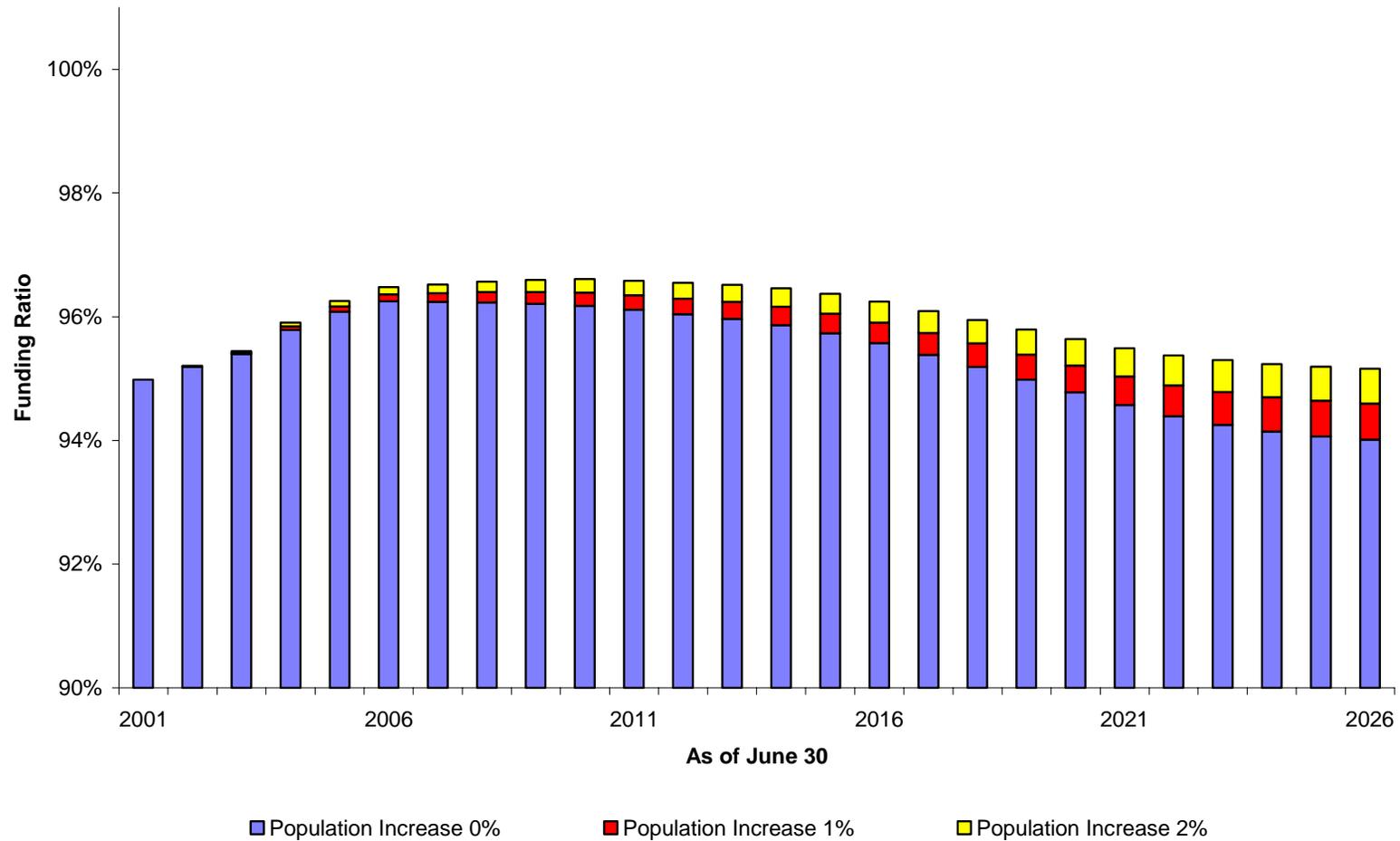
1.5 Actuarial Projections

State of Alaska TRS Projected Contribution Rates



1.5 Actuarial Projections (continued)

State of Alaska TRS Projected Funding Ratios



1.5 Actuarial Projections (continued)

Table 1
State of Alaska TRS
Financial Projections ('000 omitted)

Investment Return		8.25%				Annual Population Increase						0.00%			
-----Valuation Amounts on July 1-----					-----Flow Amounts During Following 12 Months-----										Ending
As of June 30	Total Assets	Accrued Liability	Funding Ratio	Surplus* (Deficit)	Total Salaries	Employer Ctb Rate	Employer Contribs	Employee Contribs	Total Contribs	Benefit Payments	Net Contribs	Investment Earnings	Recognized Gain	Asset Value	
2001	4,372,229	4,603,147	95.0%	(230,918)	496,188	11.00%	54,886	43,509	98,395	296,218	(197,823)	352,549	0	4,526,955	
2002	4,526,955	4,755,773	95.2%	(228,819)	501,733	11.00%	55,499	43,945	99,444	318,662	(219,218)	364,431	7,139	4,679,307	
2003	4,679,307	4,905,155	95.4%	(225,848)	507,340	14.44%	74,053	44,616	118,669	334,246	(215,577)	377,150	181	4,841,069	
2004	4,841,069	5,053,866	95.8%	(212,798)	518,322	14.07%	73,716	45,527	119,242	350,937	(231,695)	389,831	195	4,999,408	
2005	4,999,408	5,203,238	96.1%	(203,830)	529,471	13.70%	73,297	46,455	119,752	368,436	(248,684)	402,193	(483)	5,152,414	
2006	5,152,414	5,353,011	96.3%	(200,598)	540,916	13.32%	73,047	47,538	120,586	386,149	(265,563)	414,120	(537)	5,300,411	
2007	5,300,411	5,507,399	96.2%	(206,988)	555,703	12.89%	72,579	48,764	121,343	403,523	(282,180)	425,644	(596)	5,443,254	
2008	5,443,254	5,656,457	96.2%	(213,204)	570,490	12.58%	72,677	49,987	122,663	421,316	(298,653)	436,749	(593)	5,580,733	
2009	5,580,733	5,800,648	96.2%	(219,915)	585,276	12.48%	73,984	51,266	125,250	439,450	(314,200)	447,450	(589)	5,713,370	
2010	5,713,370	5,940,456	96.2%	(227,086)	600,063	12.39%	75,275	52,545	127,820	458,059	(330,239)	457,731	(580)	5,840,258	
2011	5,840,258	6,076,387	96.1%	(236,129)	614,849	12.30%	76,877	54,054	130,931	475,247	(344,316)	467,618	(570)	5,962,967	
2012	5,962,967	6,208,968	96.0%	(246,001)	634,959	12.22%	78,844	55,794	134,638	491,235	(356,597)	477,235	(559)	6,083,022	
2013	6,083,022	6,338,750	96.0%	(255,727)	655,068	12.14%	80,734	57,533	138,267	508,389	(370,122)	486,582	(546)	6,198,914	
2014	6,198,914	6,466,303	95.9%	(267,389)	675,178	12.05%	82,583	59,273	141,856	524,681	(382,825)	495,619	(538)	6,311,147	
2015	6,311,147	6,592,221	95.7%	(281,074)	695,287	11.97%	84,421	61,012	145,433	540,634	(395,201)	504,368	(531)	6,419,760	
2016	6,419,760	6,717,118	95.6%	(297,358)	715,396	11.92%	86,914	63,092	150,007	556,156	(406,149)	512,877	(524)	6,525,942	
2017	6,525,942	6,841,631	95.4%	(315,689)	743,388	11.89%	90,068	65,514	155,582	570,948	(415,366)	521,256	(516)	6,631,295	
2018	6,631,295	6,966,419	95.2%	(335,124)	771,380	11.85%	93,097	67,935	161,032	584,934	(423,902)	529,596	(508)	6,736,460	
2019	6,736,460	7,092,162	95.0%	(355,701)	799,372	11.87%	96,586	70,356	166,942	598,452	(431,510)	537,958	(501)	6,842,387	
2020	6,842,387	7,219,560	94.8%	(377,174)	827,364	11.91%	100,179	72,778	172,957	610,983	(438,026)	546,428	(498)	6,950,270	
2021	6,950,270	7,349,339	94.6%	(399,069)	855,356	11.95%	104,390	75,568	179,958	622,299	(442,341)	555,151	(492)	7,062,568	
2022	7,062,568	7,482,244	94.4%	(419,676)	891,877	12.00%	109,200	78,727	187,927	633,192	(445,264)	564,295	(486)	7,181,092	
2023	7,181,092	7,619,041	94.3%	(437,949)	928,398	12.01%	113,649	81,886	195,535	644,085	(448,549)	573,937	(479)	7,305,981	
2024	7,305,981	7,760,520	94.1%	(454,538)	964,920	12.05%	118,479	85,045	203,524	654,977	(451,454)	584,121	(472)	7,438,157	
2025	7,438,157	7,907,491	94.1%	(469,333)	1,001,441	12.07%	123,078	88,204	211,282	665,870	(454,588)	594,896	(467)	7,577,979	
2026	7,577,979	8,060,787	94.0%	(482,808)	1,037,962	12.04%	127,248	91,421	218,669	676,763	(458,094)	606,287	(461)	7,725,691	

* Surpluses reduce employer contributions over 25 years

* Deficits increase employer contributions over 25 years

1.5 Actuarial Projections (continued)

Table 2
State of Alaska TRS
Financial Projections ('000 omitted)

Investment Return					8.25%	Annual Population Increase					1.00%				
-----Valuation Amounts on July 1-----					-----Flow Amounts During Following 12 Months-----										Ending
As of	Total	Accrued	Funding	Surplus*	Total	Employer	Employer	Employee	Total	Benefit	Net	Investment	Recognized	Asset	
June 30	Assets	Liability	Ratio	(Deficit)	Salaries	Ctb Rate	Contribs	Contribs	Contribs	Payments	Contribs	Earnings	Gain	Value	
2001	4,372,229	4,603,147	95.0%	(230,918)	496,188	11.00%	55,113	43,689	98,802	296,218	(197,416)	352,565	0	4,527,378	
2002	4,527,378	4,755,830	95.2%	(228,452)	505,858	11.00%	56,187	44,490	100,676	318,662	(217,986)	364,517	7,139	4,681,048	
2003	4,681,048	4,905,732	95.4%	(224,684)	515,716	14.44%	75,600	45,549	121,149	334,278	(213,129)	377,395	181	4,845,502	
2004	4,845,502	5,055,485	95.8%	(209,983)	531,378	13.93%	75,149	46,884	122,033	351,028	(228,995)	390,308	195	5,007,018	
2005	5,007,018	5,206,523	96.2%	(199,505)	547,660	13.44%	74,769	48,277	123,046	368,618	(245,572)	402,949	(483)	5,163,893	
2006	5,163,893	5,358,684	96.4%	(194,792)	564,723	12.96%	74,632	49,916	124,547	386,445	(261,898)	415,218	(537)	5,316,654	
2007	5,316,654	5,516,344	96.4%	(199,690)	586,737	12.44%	74,335	51,765	126,099	403,954	(277,855)	427,162	(596)	5,465,341	
2008	5,465,341	5,669,656	96.4%	(204,315)	608,752	12.03%	74,543	53,609	128,152	421,901	(293,749)	438,773	(593)	5,609,748	
2009	5,609,748	5,819,280	96.4%	(209,532)	630,767	11.85%	76,067	55,513	131,581	440,205	(308,624)	450,073	(589)	5,750,584	
2010	5,750,584	5,965,915	96.4%	(215,332)	652,781	11.69%	77,571	57,418	134,989	458,939	(323,950)	461,060	(580)	5,887,090	
2011	5,887,090	6,110,304	96.3%	(223,214)	674,796	11.53%	79,564	59,695	139,259	476,279	(337,020)	471,783	(570)	6,021,259	
2012	6,021,259	6,253,226	96.3%	(231,967)	705,431	11.39%	82,096	62,345	144,441	492,444	(348,003)	482,399	(559)	6,155,073	
2013	6,155,073	6,395,503	96.2%	(240,430)	736,066	11.23%	84,400	64,995	149,395	509,806	(360,411)	492,927	(546)	6,287,019	
2014	6,287,019	6,537,998	96.2%	(250,979)	766,701	11.10%	86,820	67,645	154,465	526,353	(371,888)	503,339	(538)	6,417,909	
2015	6,417,909	6,681,613	96.1%	(263,703)	797,336	10.98%	89,220	70,294	159,514	542,620	(383,106)	513,674	(531)	6,547,925	
2016	6,547,925	6,827,291	95.9%	(279,366)	827,971	10.89%	92,501	73,478	165,979	558,524	(392,545)	524,011	(524)	6,678,846	
2017	6,678,846	6,976,016	95.7%	(297,170)	870,949	10.83%	96,659	77,196	173,855	573,755	(399,900)	534,509	(516)	6,812,917	
2018	6,812,917	7,128,812	95.6%	(315,895)	913,927	10.74%	100,497	80,913	181,410	588,251	(406,841)	545,283	(508)	6,950,831	
2019	6,950,831	7,286,743	95.4%	(335,912)	956,905	10.74%	105,092	84,631	189,723	602,389	(412,666)	556,421	(501)	7,094,064	
2020	7,094,064	7,450,915	95.2%	(356,851)	999,883	10.75%	109,777	88,349	198,125	615,704	(417,579)	568,035	(498)	7,244,002	
2021	7,244,002	7,622,472	95.0%	(378,471)	1,042,861	10.77%	115,371	92,696	208,066	627,953	(419,887)	580,310	(492)	7,403,913	
2022	7,403,913	7,802,602	94.9%	(398,689)	1,100,395	10.79%	121,841	97,672	219,514	640,844	(421,330)	593,443	(486)	7,575,519	
2023	7,575,519	7,992,530	94.8%	(417,011)	1,157,929	10.76%	127,668	102,649	230,317	653,735	(423,418)	607,514	(479)	7,759,117	
2024	7,759,117	8,193,524	94.7%	(434,407)	1,215,462	10.77%	133,949	107,626	241,574	666,626	(425,052)	622,594	(472)	7,956,167	
2025	7,956,167	8,406,891	94.6%	(450,723)	1,272,996	10.76%	140,039	112,602	252,641	679,517	(426,876)	638,775	(467)	8,167,581	
2026	8,167,581	8,633,978	94.6%	(466,398)	1,330,529	10.74%	146,178	117,692	263,869	692,408	(428,539)	656,148	(461)	8,394,710	

* Surpluses reduce employer contributions over 25 years

* Deficits increase employer contributions over 25 years

1.5 Actuarial Projections (continued)

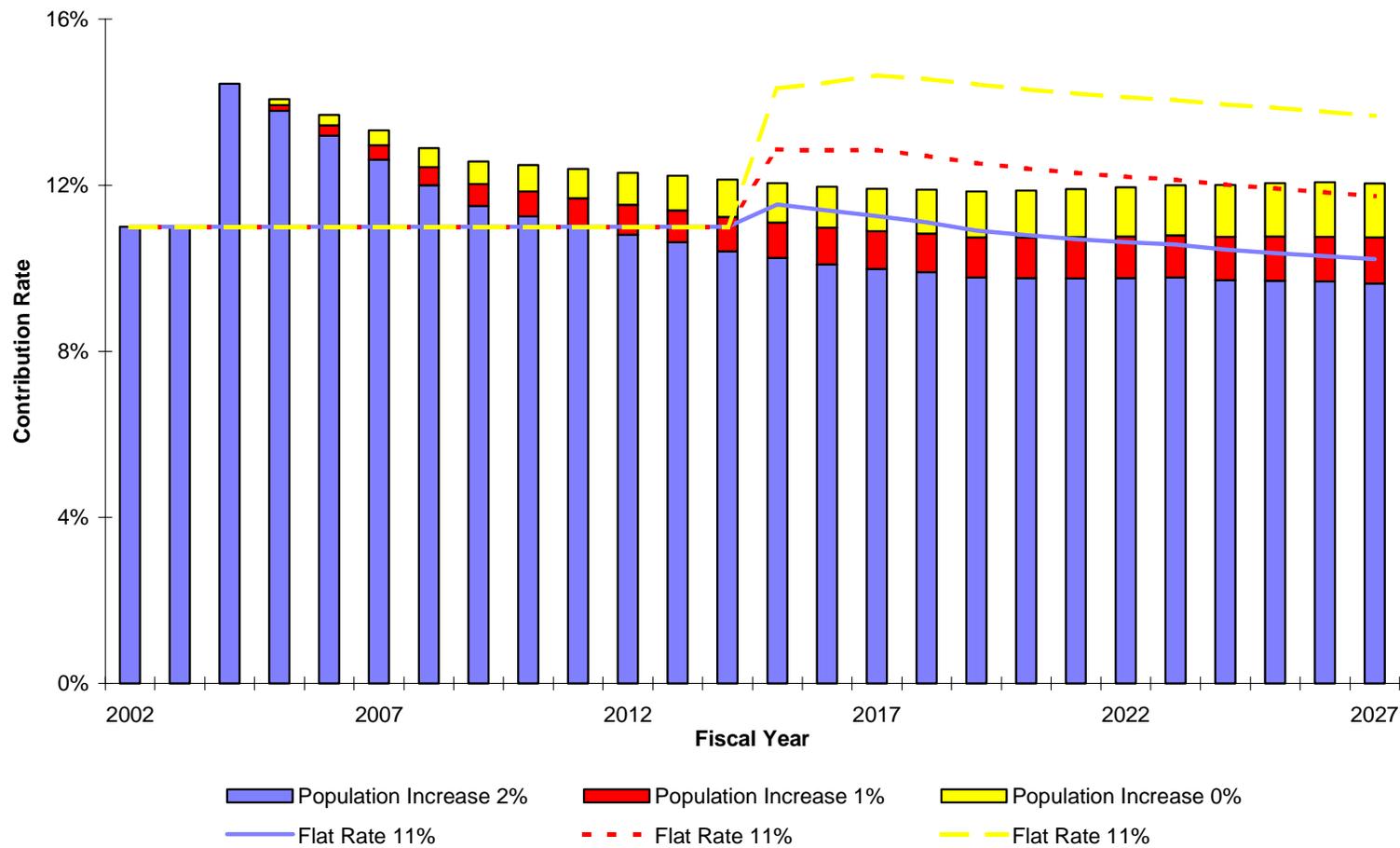
Table 3
State of Alaska TRS
Financial Projections ('000 omitted)

Investment Return					8.25%	Annual Population Increase					2.00%				
-----Valuation Amounts on July 1-----					-----Flow Amounts During Following 12 Months-----										Ending
As of	Total	Accrued	Funding	Surplus*	Total	Employer	Employer	Employee	Total	Benefit	Net	Investment	Recognized	Asset	
June 30	Assets	Liability	Ratio	(Deficit)	Salaries	Ctb Rate	Contribs	Contribs	Contribs	Payments	Contribs	Earnings	Gain	Value	
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
2001	4,372,229	4,603,147	95.0%	(230,918)	496,188	11.00%	55,340	43,870	99,210	296,218	(197,008)	352,582	0	4,527,803	
2002	4,527,803	4,755,888	95.2%	(228,085)	509,998	11.00%	56,880	45,039	101,919	318,662	(216,743)	364,603	7,139	4,682,803	
2003	4,682,803	4,906,308	95.4%	(223,505)	524,192	14.44%	77,175	46,497	123,672	334,310	(210,638)	377,642	181	4,849,996	
2004	4,849,996	5,057,119	95.9%	(207,123)	544,712	13.79%	76,605	48,278	124,883	351,120	(226,237)	390,792	195	5,014,755	
2005	5,014,755	5,209,854	96.3%	(195,099)	566,414	13.19%	76,256	50,167	126,423	368,803	(242,380)	403,719	(483)	5,175,591	
2006	5,175,591	5,364,477	96.5%	(188,887)	589,505	12.61%	76,251	52,418	128,669	386,748	(258,079)	416,340	(537)	5,333,293	
2007	5,333,293	5,525,443	96.5%	(192,150)	619,668	12.00%	76,150	54,969	131,119	404,399	(273,280)	428,724	(596)	5,488,116	
2008	5,488,116	5,683,191	96.6%	(195,075)	649,830	11.50%	76,463	57,515	133,977	422,509	(288,532)	440,868	(593)	5,639,835	
2009	5,639,835	5,838,572	96.6%	(198,737)	679,992	11.25%	78,195	60,124	138,319	440,995	(302,676)	452,801	(589)	5,789,347	
2010	5,789,347	5,992,509	96.6%	(203,162)	710,154	11.02%	79,912	62,733	142,645	459,873	(317,228)	464,535	(580)	5,936,050	
2011	5,936,050	6,145,997	96.6%	(209,947)	740,316	10.81%	82,352	65,914	148,266	477,387	(329,121)	476,148	(570)	6,082,483	
2012	6,082,483	6,300,103	96.5%	(217,620)	783,697	10.62%	85,557	69,666	155,223	493,756	(338,533)	487,840	(559)	6,231,209	
2013	6,231,209	6,455,970	96.5%	(224,761)	827,079	10.40%	88,311	73,419	161,729	511,356	(349,627)	499,653	(546)	6,380,666	
2014	6,380,666	6,614,809	96.5%	(234,143)	870,460	10.24%	91,395	77,171	168,566	528,195	(359,629)	511,570	(538)	6,532,047	
2015	6,532,047	6,777,905	96.4%	(245,858)	913,841	10.10%	94,442	80,924	175,366	544,822	(369,456)	523,654	(531)	6,685,692	
2016	6,685,692	6,946,618	96.2%	(260,926)	957,223	9.98%	98,675	85,497	184,172	561,162	(376,990)	536,019	(524)	6,844,175	
2017	6,844,175	7,122,377	96.1%	(278,202)	1,019,592	9.90%	104,074	90,892	194,966	576,898	(381,932)	548,890	(516)	7,010,595	
2018	7,010,595	7,306,685	95.9%	(296,090)	1,081,961	9.78%	108,843	96,287	205,130	591,982	(386,852)	562,416	(508)	7,185,630	
2019	7,185,630	7,501,119	95.8%	(315,488)	1,144,330	9.77%	114,789	101,682	216,471	606,836	(390,365)	576,712	(501)	7,371,456	
2020	7,371,456	7,707,325	95.6%	(335,869)	1,206,699	9.76%	120,798	107,077	227,875	621,048	(393,173)	591,927	(498)	7,569,691	
2021	7,569,691	7,927,024	95.5%	(357,333)	1,269,068	9.76%	128,135	113,514	241,649	634,363	(392,714)	608,300	(492)	7,784,765	
2022	7,784,765	8,162,010	95.4%	(377,245)	1,355,540	9.78%	136,748	120,994	257,742	649,507	(391,765)	626,083	(486)	8,018,577	
2023	8,018,577	8,414,148	95.3%	(395,571)	1,442,012	9.71%	144,255	128,474	272,729	664,650	(391,922)	645,366	(479)	8,271,522	
2024	8,271,522	8,685,375	95.2%	(413,853)	1,528,485	9.70%	152,470	135,954	288,424	679,794	(391,370)	666,257	(472)	8,545,917	
2025	8,545,917	8,977,703	95.2%	(431,786)	1,614,957	9.68%	160,525	143,434	303,959	694,937	(390,979)	688,910	(467)	8,843,363	
2026	8,843,363	9,293,214	95.2%	(449,851)	1,701,430	9.63%	168,232	151,114	319,346	710,081	(390,735)	713,460	(461)	9,165,608	

* Surpluses reduce employer contributions over 25 years
* Deficits increase employer contributions over 25 years

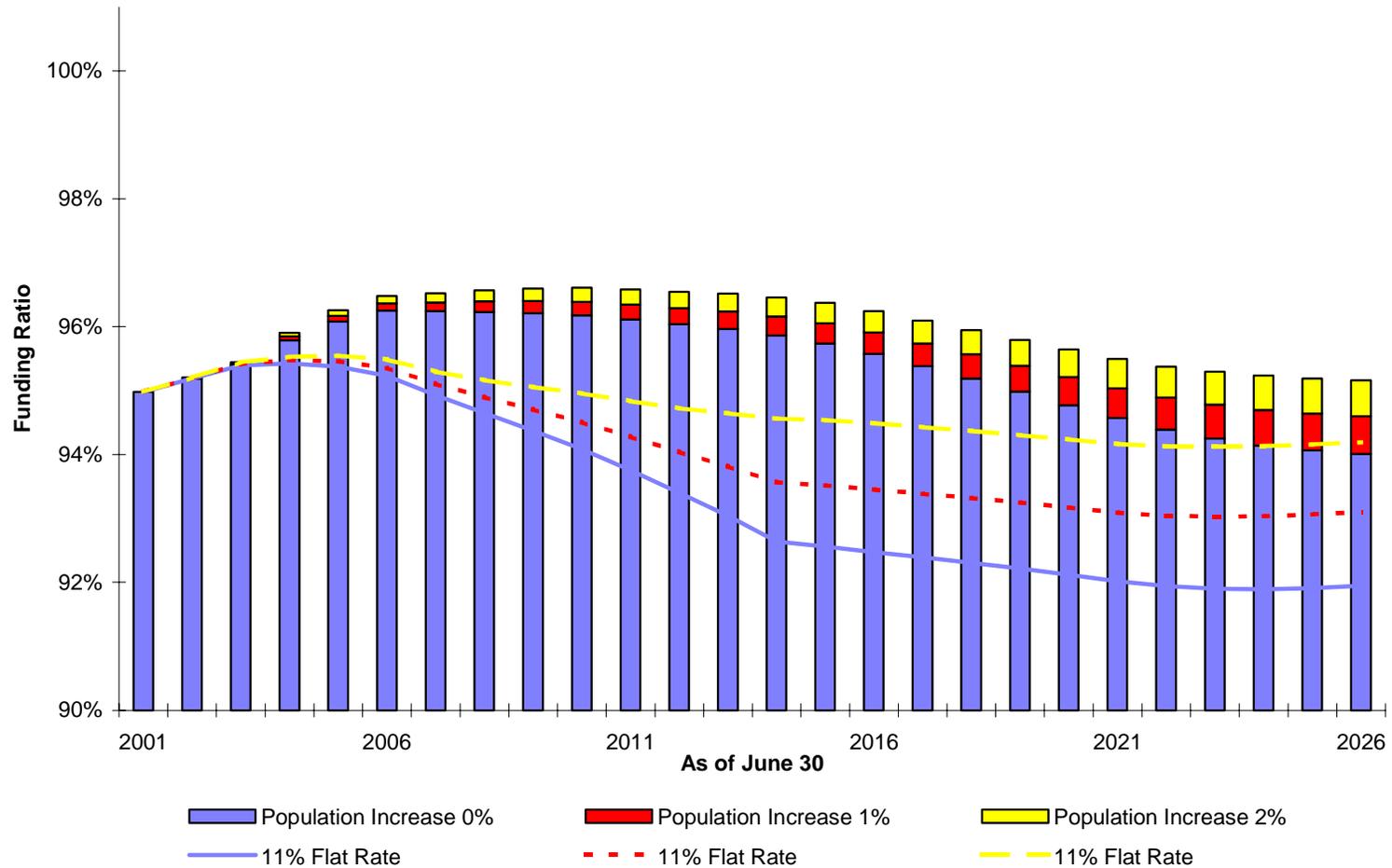
1.5 Actuarial Projections (continued)

State of Alaska TRS Projected Contribution Rates



1.5 Actuarial Projections (continued)

State of Alaska TRS Projected Funding Ratios



1.5 Actuarial Projections (continued)

Table 4

State of Alaska TRS
Financial Projections ('000 omitted)

Investment Return					Annual Population Increase					0.00%					
-----Valuation Amounts on July 1-----					-----Flow Amounts During Following 12 Months-----										Ending
As of June 30	Total Assets	Accrued Liability	Funding Ratio	Surplus* (Deficit)	Total Salaries	Employer Ctb Rate	Employer Contribs	Employee Contribs	Total Contribs	Benefit Payments	Net Contribs	Investment Earnings	Recognized Gain	Asset Value	
2001	4,372,229	4,603,147	95.0%	(230,918)	496,188	11.00%	54,886	43,509	98,395	296,218	(197,823)	352,549	0	4,526,955	
2002	4,526,955	4,755,773	95.2%	(228,819)	501,733	11.00%	55,499	43,945	99,444	318,662	(219,218)	364,431	7,139	4,679,307	
2003	4,679,307	4,905,155	95.4%	(225,848)	507,340	11.00%	56,411	44,616	101,028	334,246	(233,218)	376,423	181	4,822,700	
2004	4,822,700	5,053,866	95.4%	(231,167)	518,322	11.00%	57,629	45,527	103,155	350,937	(247,782)	387,652	195	4,962,773	
2005	4,962,773	5,203,238	95.4%	(240,465)	529,471	11.00%	58,871	46,455	105,326	368,436	(263,110)	398,575	(483)	5,097,735	
2006	5,097,735	5,353,011	95.2%	(255,276)	540,916	11.00%	60,314	47,538	107,853	386,149	(278,296)	409,083	(537)	5,227,963	
2007	5,227,963	5,507,399	94.9%	(279,436)	555,703	11.00%	61,941	48,764	110,705	403,523	(292,818)	419,228	(596)	5,353,752	
2008	5,353,752	5,656,457	94.6%	(302,705)	570,490	11.00%	63,567	49,987	113,554	421,316	(307,762)	428,989	(593)	5,474,362	
2009	5,474,362	5,800,648	94.4%	(326,286)	585,276	11.00%	65,194	51,266	116,460	439,450	(322,990)	438,312	(589)	5,589,070	
2010	5,589,070	5,940,456	94.1%	(351,386)	600,063	11.00%	66,820	52,545	119,365	458,059	(338,694)	447,127	(580)	5,696,899	
2011	5,696,899	6,076,387	93.8%	(379,487)	614,849	11.00%	68,739	54,054	122,794	475,247	(352,453)	455,455	(570)	5,799,308	
2012	5,799,308	6,208,968	93.4%	(409,660)	634,959	11.00%	70,951	55,794	126,745	491,235	(364,490)	463,408	(559)	5,897,644	
2013	5,897,644	6,338,750	93.0%	(441,106)	655,068	11.00%	73,164	57,533	130,697	508,389	(377,692)	470,976	(546)	5,990,359	
2014	5,990,359	6,466,303	92.6%	(475,944)	675,178	14.33%	98,195	59,273	157,468	524,681	(367,213)	479,057	(538)	6,101,642	
2015	6,101,642	6,592,221	92.6%	(490,579)	695,287	14.47%	102,065	61,012	163,077	540,634	(377,557)	487,811	(531)	6,211,343	
2016	6,211,343	6,717,118	92.5%	(505,775)	715,396	14.65%	106,830	63,092	169,922	556,156	(386,234)	496,504	(524)	6,321,068	
2017	6,321,068	6,841,631	92.4%	(520,564)	743,388	14.56%	110,241	65,514	175,755	570,948	(395,193)	505,186	(516)	6,430,524	
2018	6,430,524	6,966,419	92.3%	(535,896)	771,380	14.43%	113,322	67,935	181,257	584,934	(403,677)	513,867	(508)	6,540,185	
2019	6,540,185	7,092,162	92.2%	(551,977)	799,372	14.31%	116,400	70,356	186,757	598,452	(411,695)	522,583	(501)	6,650,550	
2020	6,650,550	7,219,560	92.1%	(569,010)	827,364	14.21%	119,536	72,778	192,314	610,983	(418,669)	531,400	(498)	6,762,763	
2021	6,762,763	7,349,339	92.0%	(586,576)	855,356	14.12%	123,351	75,568	198,919	622,299	(423,380)	540,464	(492)	6,879,334	
2022	6,879,334	7,482,244	91.9%	(602,909)	891,877	14.05%	127,854	78,727	206,581	633,192	(426,611)	549,947	(486)	7,002,165	
2023	7,002,165	7,619,041	91.9%	(616,876)	928,398	13.94%	131,993	81,886	213,879	644,085	(430,205)	559,933	(479)	7,131,394	
2024	7,131,394	7,760,520	91.9%	(629,126)	964,920	13.87%	136,334	85,045	221,379	654,977	(433,599)	570,454	(472)	7,267,758	
2025	7,267,758	7,907,491	91.9%	(639,733)	1,001,441	13.77%	140,449	88,204	228,653	665,870	(437,217)	581,555	(467)	7,411,610	
2026	7,411,610	8,060,787	91.9%	(649,177)	1,037,962	13.67%	144,496	91,421	235,917	676,763	(440,846)	593,273	(461)	7,563,557	

* Surpluses reduce employer contributions over 25 years

* Deficits increase employer contributions over 25 years

1.5 Actuarial Projections (continued)

Table 5
State of Alaska TRS
Financial Projections ('000 omitted)

Investment Return		8.25%				Annual Population Increase							1.00%		
-----Valuation Amounts on July 1-----					-----Flow Amounts During Following 12 Months-----										Ending
As of June 30	Total Assets	Accrued Liability	Funding Ratio	Surplus* (Deficit)	Total Salaries	Employer Ctb Rate	Employer Contribs	Employee Contribs	Total Contribs	Benefit Payments	Net Contribs	Investment Earnings	Recognized Gain	Asset Value	
2001	4,372,229	4,603,147	95.0%	(230,918)	496,188	11.00%	55,113	43,689	98,802	296,218	(197,416)	352,565	0	4,527,378	
2002	4,527,378	4,755,830	95.2%	(228,452)	505,858	11.00%	56,187	44,490	100,676	318,662	(217,986)	364,517	7,139	4,681,048	
2003	4,681,048	4,905,732	95.4%	(224,684)	515,716	11.00%	57,590	45,549	103,139	334,278	(231,139)	376,652	181	4,826,749	
2004	4,826,749	5,055,485	95.5%	(228,736)	531,378	11.00%	59,347	46,884	106,231	351,028	(244,797)	388,109	195	4,970,265	
2005	4,970,265	5,206,523	95.5%	(236,258)	547,660	11.00%	61,181	48,277	109,458	368,618	(259,160)	399,357	(483)	5,109,959	
2006	5,109,959	5,358,684	95.4%	(248,726)	564,723	11.00%	63,330	49,916	113,246	386,445	(273,199)	410,302	(537)	5,246,503	
2007	5,246,503	5,516,344	95.1%	(269,841)	586,737	11.00%	65,752	51,765	117,517	403,954	(286,437)	421,021	(596)	5,380,466	
2008	5,380,466	5,669,656	94.9%	(289,190)	608,752	11.00%	68,174	53,609	121,783	421,901	(300,118)	431,509	(593)	5,511,239	
2009	5,511,239	5,819,280	94.7%	(308,041)	630,767	11.00%	70,595	55,513	126,109	440,205	(314,096)	441,721	(589)	5,638,249	
2010	5,638,249	5,965,915	94.5%	(327,666)	652,781	11.00%	73,017	57,418	130,434	458,939	(328,505)	451,605	(580)	5,760,746	
2011	5,760,746	6,110,304	94.3%	(349,558)	674,796	11.00%	75,912	59,695	135,607	476,279	(340,672)	461,209	(570)	5,880,689	
2012	5,880,689	6,253,226	94.0%	(372,536)	705,431	11.00%	79,282	62,345	141,627	492,444	(350,817)	470,686	(559)	5,999,976	
2013	5,999,976	6,395,503	93.8%	(395,527)	736,066	11.00%	82,652	64,995	147,647	509,806	(362,159)	480,059	(546)	6,117,307	
2014	6,117,307	6,537,998	93.6%	(420,691)	766,701	12.86%	100,595	67,645	168,239	526,353	(358,114)	489,906	(538)	6,248,539	
2015	6,248,539	6,681,613	93.5%	(433,074)	797,336	12.84%	104,356	70,294	174,650	542,620	(367,970)	500,326	(531)	6,380,342	
2016	6,380,342	6,827,291	93.5%	(446,949)	827,971	12.85%	109,122	73,478	182,600	558,524	(375,924)	510,871	(524)	6,514,744	
2017	6,514,744	6,976,016	93.4%	(461,272)	870,949	12.71%	113,416	77,196	190,612	573,755	(383,143)	521,662	(516)	6,652,725	
2018	6,652,725	7,128,812	93.3%	(476,086)	913,927	12.53%	117,232	80,913	198,146	588,251	(390,105)	532,758	(508)	6,794,849	
2019	6,794,849	7,286,743	93.2%	(491,894)	956,905	12.41%	121,387	84,631	206,018	602,389	(396,371)	544,225	(501)	6,942,181	
2020	6,942,181	7,450,915	93.2%	(508,733)	999,883	12.30%	125,601	88,349	213,950	615,704	(401,754)	556,158	(498)	7,096,067	
2021	7,096,067	7,622,472	93.1%	(526,406)	1,042,861	12.21%	130,812	92,696	223,507	627,953	(404,446)	568,742	(492)	7,259,851	
2022	7,259,851	7,802,602	93.0%	(542,751)	1,100,395	12.13%	137,003	97,672	234,675	640,844	(406,169)	582,183	(486)	7,435,359	
2023	7,435,359	7,992,530	93.0%	(557,171)	1,157,929	12.01%	142,548	102,649	245,197	653,735	(408,538)	596,565	(479)	7,622,887	
2024	7,622,887	8,193,524	93.0%	(570,637)	1,215,462	11.92%	148,347	107,626	255,973	666,626	(410,653)	611,949	(472)	7,823,692	
2025	7,823,692	8,406,891	93.1%	(583,199)	1,272,996	11.83%	153,967	112,602	266,570	679,517	(412,947)	628,421	(467)	8,038,679	
2026	8,038,679	8,633,978	93.1%	(595,299)	1,330,529	11.73%	159,657	117,692	277,349	692,408	(415,059)	646,070	(461)	8,269,210	

* Surpluses reduce employer contributions over 25 years

* Deficits increase employer contributions over 25 years

1.5 Actuarial Projections (continued)

Table 6
State of Alaska TRS
Financial Projections ('000 omitted)

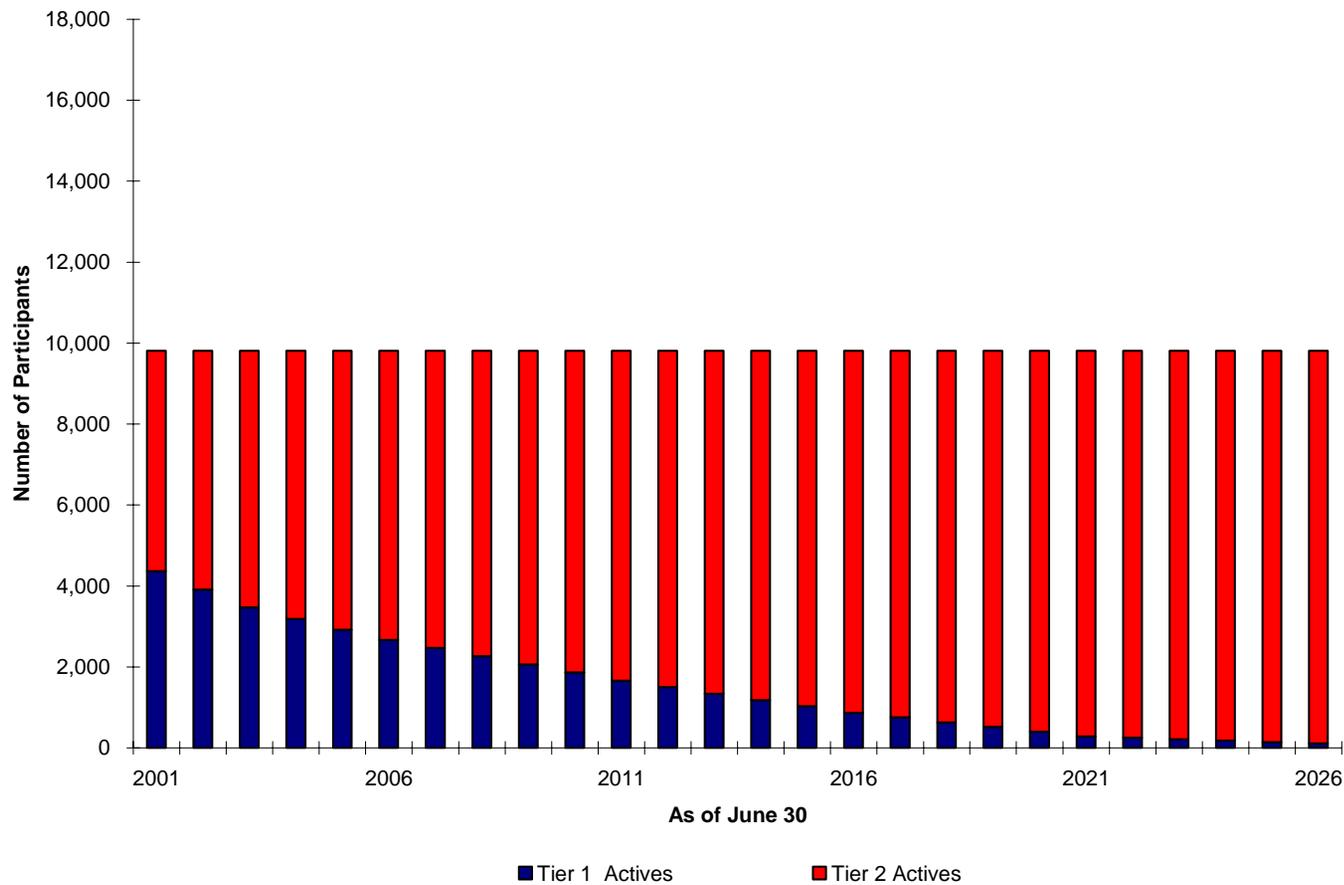
Investment Return					8.25%	Annual Population Increase							2.00%		
-----Valuation Amounts on July 1-----					-----Flow Amounts During Following 12 Months-----										Ending
As of	Total	Accrued	Funding	Surplus*	Total	Employer	Employer	Employee	Total	Benefit	Net	Investment	Recognized	Asset	
June 30	Assets	Liability	Ratio	(Deficit)	Salaries	Ctb Rate	Contribs	Contribs	Contribs	Payments	Contribs	Earnings	Gain	Value	
2001	4,372,229	4,603,147	95.0%	(230,918)	496,188	11.00%	55,340	43,870	99,210	296,218	(197,008)	352,582	0	4,527,803	
2002	4,527,803	4,755,888	95.2%	(228,085)	509,998	11.00%	56,880	45,039	101,919	318,662	(216,743)	364,603	7,139	4,682,803	
2003	4,682,803	4,906,308	95.4%	(223,505)	524,192	11.00%	58,790	46,497	105,287	334,310	(229,023)	376,884	181	4,830,852	
2004	4,830,852	5,057,119	95.5%	(226,267)	544,712	11.00%	61,112	48,278	109,390	351,120	(241,730)	388,574	195	4,977,900	
2005	4,977,900	5,209,854	95.5%	(231,954)	566,414	11.00%	63,576	50,167	113,743	368,803	(255,060)	400,155	(483)	5,122,492	
2006	5,122,492	5,364,477	95.5%	(241,985)	589,505	11.00%	66,505	52,418	118,922	386,748	(267,826)	411,558	(537)	5,265,665	
2007	5,265,665	5,525,443	95.3%	(259,779)	619,668	11.00%	69,822	54,969	124,792	404,399	(279,607)	422,884	(596)	5,408,320	
2008	5,408,320	5,683,191	95.2%	(274,871)	649,830	11.00%	73,140	57,515	130,655	422,509	(291,854)	434,147	(593)	5,549,996	
2009	5,549,996	5,838,572	95.1%	(288,576)	679,992	11.00%	76,458	60,124	136,582	440,995	(304,413)	445,318	(589)	5,690,287	
2010	5,690,287	5,992,509	95.0%	(302,222)	710,154	11.00%	79,776	62,733	142,509	459,873	(317,364)	456,357	(580)	5,828,676	
2011	5,828,676	6,145,997	94.8%	(317,320)	740,316	11.00%	83,821	65,914	149,734	477,387	(327,653)	467,350	(570)	5,967,780	
2012	5,967,780	6,300,103	94.7%	(332,323)	783,697	11.00%	88,593	69,666	158,259	493,756	(335,497)	478,503	(559)	6,110,203	
2013	6,110,203	6,455,970	94.6%	(345,766)	827,079	11.00%	93,365	73,419	166,783	511,356	(344,573)	489,878	(546)	6,254,940	
2014	6,254,940	6,614,809	94.6%	(359,868)	870,460	11.54%	102,937	77,171	180,108	528,195	(348,087)	501,674	(538)	6,407,967	
2015	6,407,967	6,777,905	94.5%	(369,938)	913,841	11.39%	106,541	80,924	187,465	544,822	(357,357)	513,916	(531)	6,563,973	
2016	6,563,973	6,946,618	94.5%	(382,645)	957,223	11.26%	111,294	85,497	196,791	561,162	(364,371)	526,498	(524)	6,725,555	
2017	6,725,555	7,122,377	94.4%	(396,822)	1,019,592	11.10%	116,685	90,892	207,578	576,898	(369,320)	539,624	(516)	6,895,321	
2018	6,895,321	7,306,685	94.4%	(411,365)	1,081,961	10.90%	121,354	96,287	217,641	591,982	(374,341)	553,422	(508)	7,073,874	
2019	7,073,874	7,501,119	94.3%	(427,245)	1,144,330	10.79%	126,878	101,682	228,560	606,836	(378,276)	567,991	(501)	7,263,067	
2020	7,263,067	7,707,325	94.2%	(444,258)	1,206,699	10.70%	132,456	107,077	239,533	621,048	(381,515)	583,466	(498)	7,464,499	
2021	7,464,499	7,927,024	94.2%	(462,525)	1,269,068	10.63%	139,463	113,514	252,978	634,363	(381,385)	600,089	(492)	7,682,690	
2022	7,682,690	8,162,010	94.1%	(479,320)	1,355,540	10.57%	147,854	120,994	268,848	649,507	(380,659)	618,120	(486)	7,919,645	
2023	7,919,645	8,414,148	94.1%	(494,502)	1,442,012	10.45%	155,137	128,474	283,611	664,650	(381,039)	637,653	(479)	8,175,760	
2024	8,175,760	8,685,375	94.1%	(509,615)	1,528,485	10.37%	162,932	135,954	298,886	679,794	(380,908)	658,788	(472)	8,453,148	
2025	8,453,148	8,977,703	94.2%	(524,555)	1,614,957	10.29%	170,581	143,434	314,015	694,937	(380,922)	681,672	(467)	8,753,411	
2026	8,753,411	9,293,214	94.2%	(539,803)	1,701,430	10.22%	178,477	151,114	329,591	710,081	(380,490)	706,461	(461)	9,078,903	

* Surpluses reduce employer contributions over 25 years

* Deficits increase employer contributions over 25 years

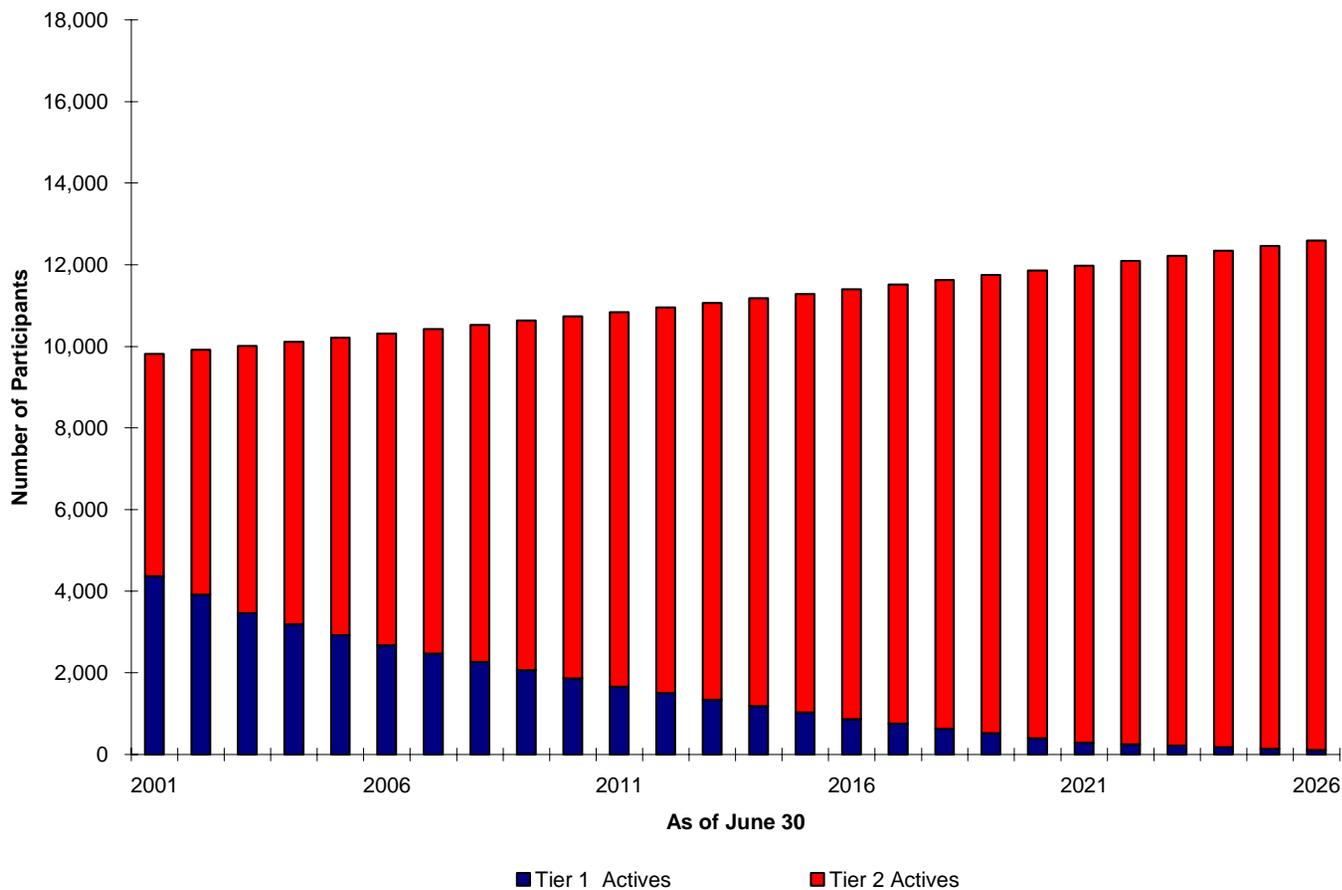
1.5 Actuarial Projections (continued)

**State of Alaska TRS Projected Active Participant Count
Annual Population Increase 0%**



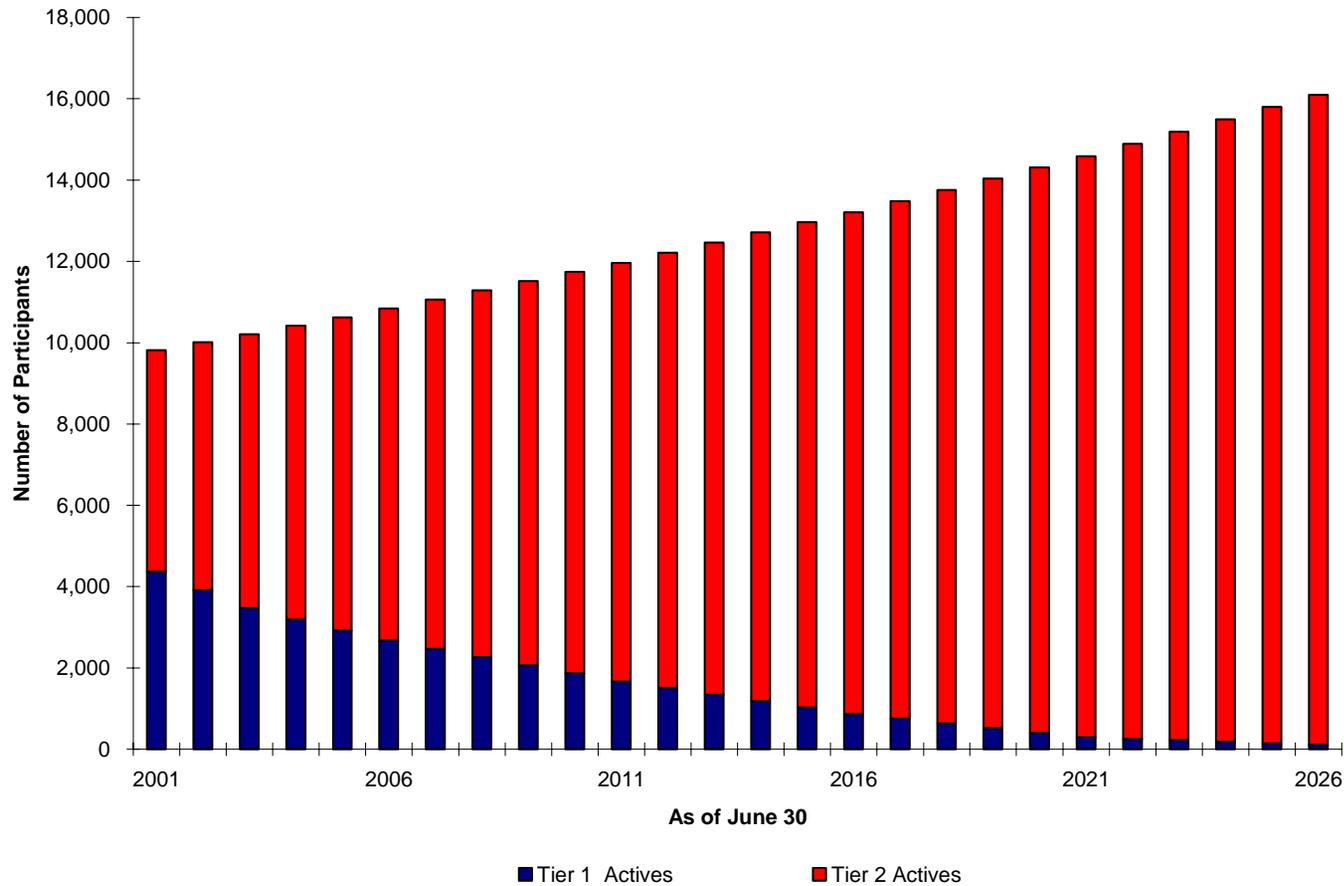
1.5 Actuarial Projections (continued)

**State of Alaska TRS Projected Active Participant Count
Annual Population Increase 1%**



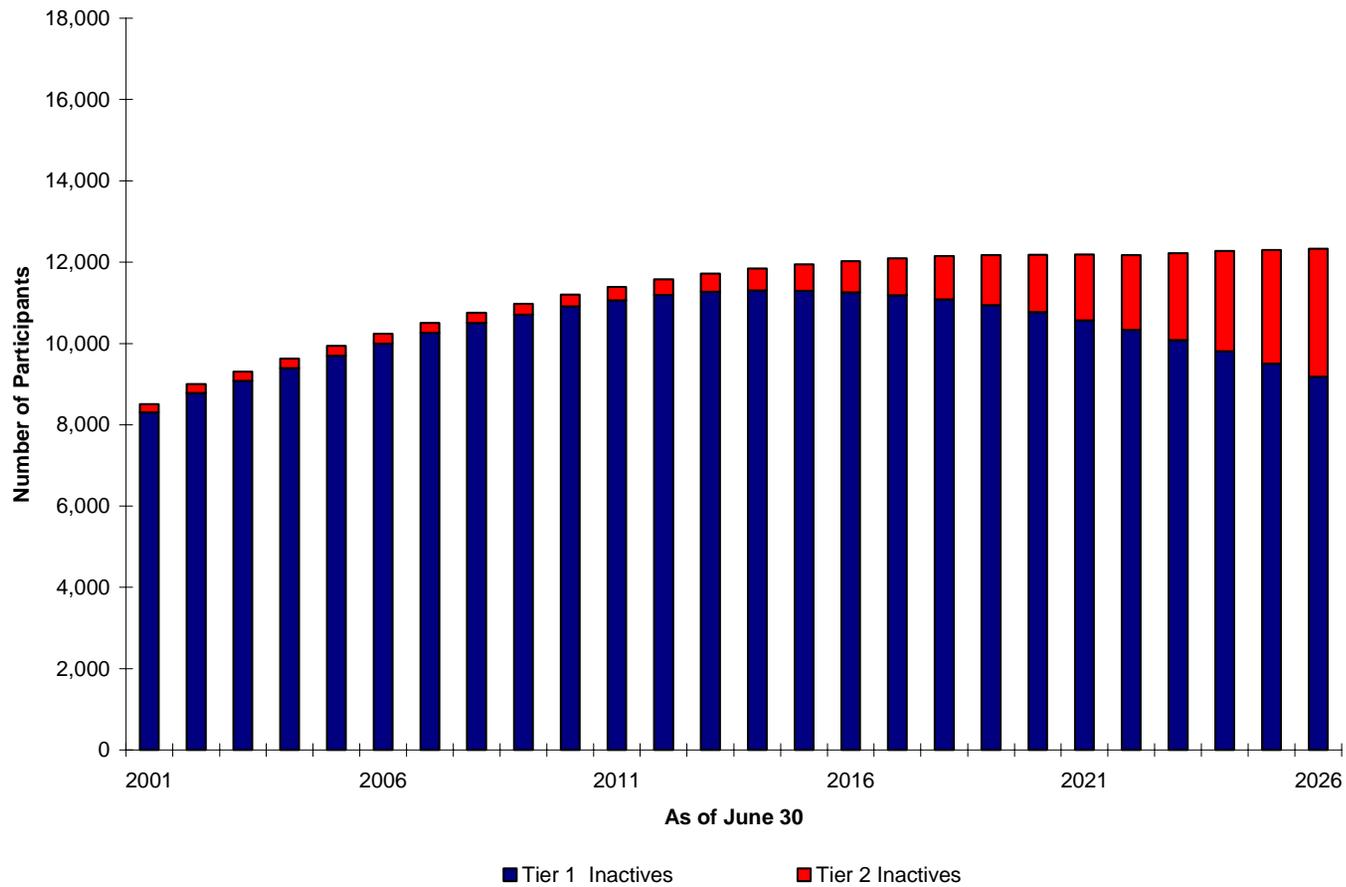
1.5 Actuarial Projections (continued)

**State of Alaska TRS Projected Active Participant Count
Annual Population Increase 2%**



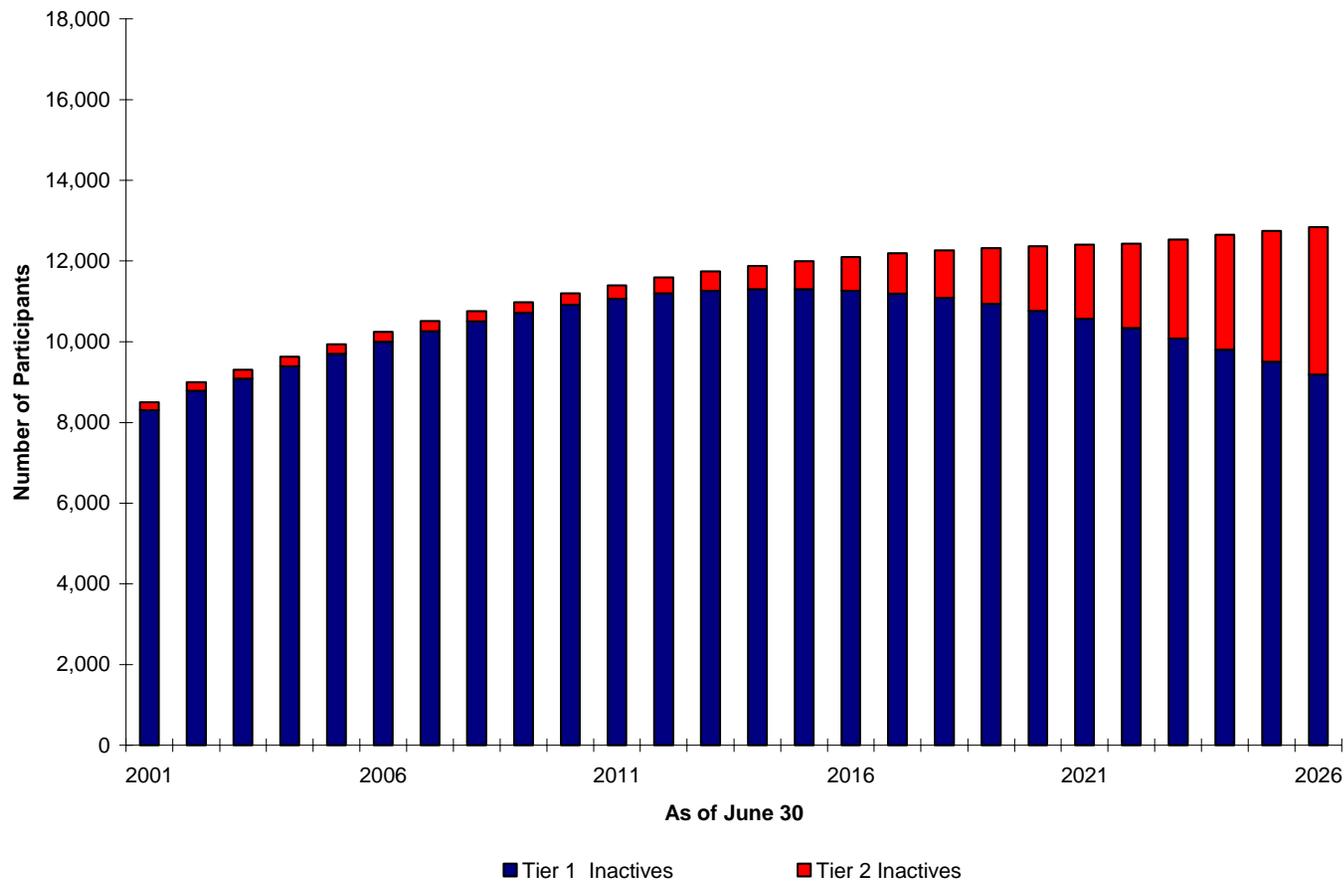
1.5 Actuarial Projections (continued)

**State of Alaska TRS Projected Inactive Participant Count
Annual Population Increase 0%**



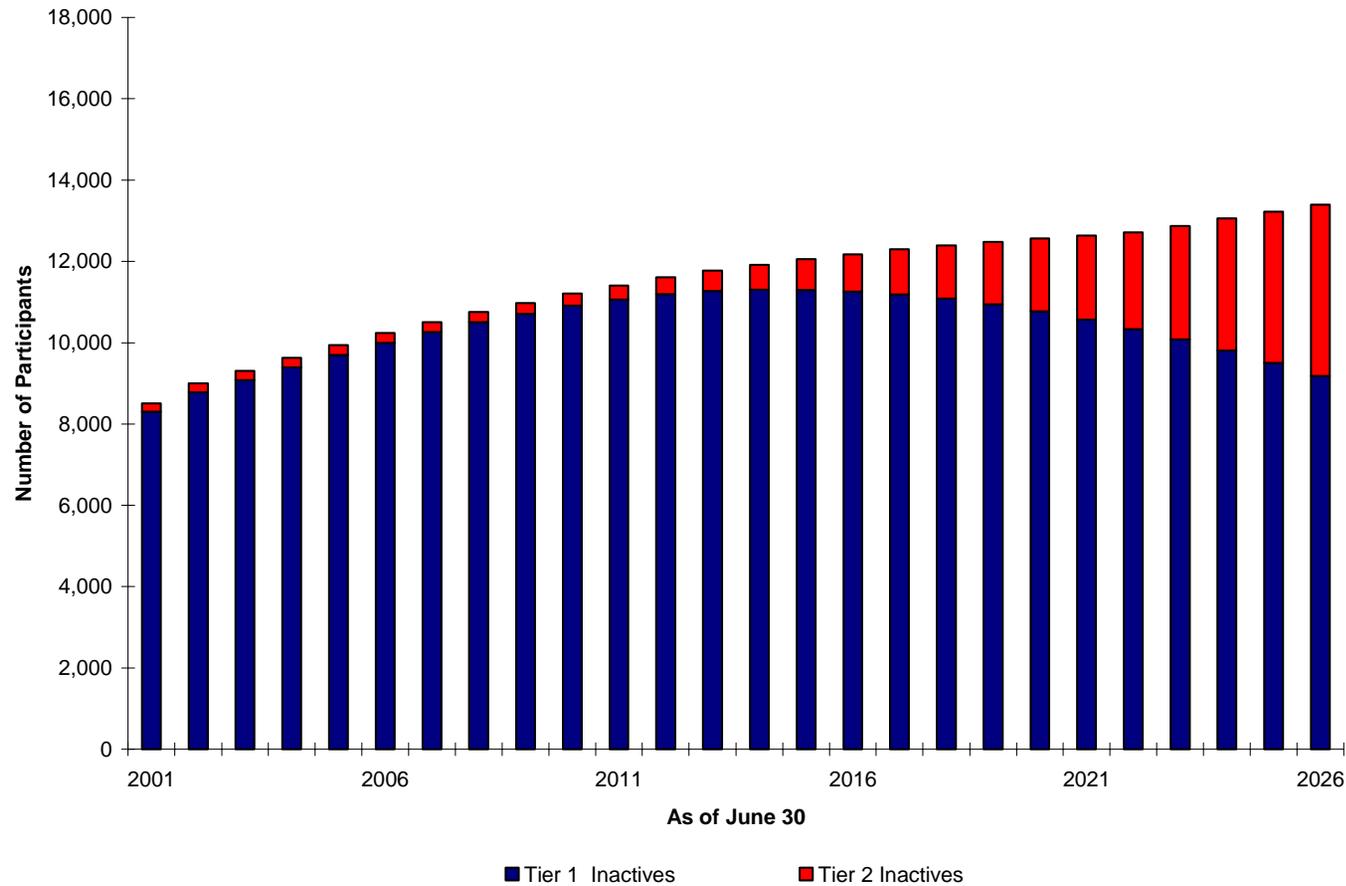
1.5 Actuarial Projections (continued)

**State of Alaska TRS Projected Inactive Participant Count
Annual Population Increase 1%**



1.5 Actuarial Projections (continued)

**State of Alaska TRS Projected Inactive Participant Count
Annual Population Increase 2%**



Section 2

In this section, the basis of the valuation is presented and described. This information – the provisions of the plan and the census of participants– is the foundation of the valuation, since these are the present facts upon which benefit payments will depend.

A summary of plan provisions is provided in Section 2.1 and participant census information is shown in Section 2.2.

The valuation is based upon the premise that the plan will continue in existence, so that future events must also be considered. These future events are assumed to occur in accordance with the actuarial assumptions and concern such events as the earnings of the fund, the number of participants who will retire, die, terminate their services, their ages at such termination and their expected benefits.

The actuarial assumptions and the actuarial cost method, or funding method, which have been adopted to guide the sponsor in funding the plan in a reasonable and acceptable manner, are described in Section 2.3.

2.1 Summary of the Alaska Teachers' Retirement System

(1) Effective Date

July 1, 1955, with amendments through July 1, 2001. Chapter 97, 1990 Session Laws of Alaska, created a two-tier retirement system. Members who were first hired under the TRS before July 1, 1990, are eligible for different benefits than members hired after June 30, 1990.

(2) Administration of Plan

The Commissioner of Administration is responsible for administering the system. The Teachers' Retirement Board prescribes policies and regulations and performs other activities necessary to carry out the provisions of the system. The Alaska State Pension Investment Board, Department of Revenue, Treasury Division is responsible for investing TRS funds. The Attorney General represents the system in legal proceedings.

(3) Membership

Membership in the Alaska TRS is mandatory for the following employees:

- certificated full-time and part-time elementary and secondary teachers, certificated school nurses, and certificated employees in positions requiring teaching certificates;
- positions requiring a teaching certificate as a condition of employment in the Department of Education and Early Development;
- University of Alaska full-time and part-time teachers, and full-time administrative employees in positions requiring academic standing if approved by the TRS administrator;
- certain full-time or part-time teachers of Alaska Native language or culture who have elected to be covered under the TRS;
- members on approved sabbatical leave under AS 14.20.310;
- certain State legislators who have elected to be covered under the TRS; and
- a teacher who has filed for worker's compensation benefits due to an on the job assault and who, as a result of the physical injury, is placed on leave without pay.

Employees participating in the University of Alaska's Optional Retirement Plan or other retirement plans funded by the State are not covered by the TRS.

2.1 Summary of the Alaska Teachers' Retirement System *(continued)*

Employees who work half-time in the TRS and Public Employees' Retirement System (PERS) simultaneously are eligible for half-time TRS and PERS credit.

(4) Credited Service

TRS members receive a year of membership credit if they work a minimum of 172 days during the school year (July 1 through June 30 of the following year). Fractional credit is determined based on the number of days worked. Part-time members receive membership credit for each day in proportion to full-time service. Credit is granted for all Alaskan public school service.

Members may claim other types of service, including:

- Outside teaching service in out-of-state schools or Alaska private schools (not more than ten years may be claimed);
- Military service (not more than five years of military service or ten years of combined outside and military service may be claimed);
- Alaska Bureau of Indian Affairs (BIA) service;
- Retroactive Alaskan service that was not creditable at the time it occurred, but later became creditable because of legislative change;
- Unused sick leave credit after members retire; and
- Leave of absence without pay.

Except for retroactive Alaska service that occurred before July 1, 1955, and unused sick leave, contributions are required for all claimed service.

Members receiving TRS disability benefits continue to earn TRS credit while disabled.

(5) Employer Contributions

TRS employers contribute the amounts required, in addition to employees' contributions, to fund the benefits of the system.

(6) Member Contributions

Mandatory Contributions: Members are required to contribute 8.65% of their base salaries. Members' contributions are deducted from gross salaries before federal income taxes are withheld.

2.1 Summary of the Alaska Teachers' Retirement System *(continued)*

Contributions for Claimed Service: Member contributions are also required for most of the claimed service described in (4) above.

1% Supplemental Contributions: Members who joined the system before July 1, 1982, and elected to participate in the supplemental contributions provision, are required to contribute an additional 1% of their salaries. Supplemental contributions are deducted from gross salaries before federal income taxes are withheld. Under the supplemental provision, an eligible spouse or dependent child will receive a survivor's allowance or spouse's pension if the member dies (see (11) below).

Interest: Member's contributions earn 4.5% interest, compounded annually on June 30.

Refund Contributions: Terminated members may receive refunds of their member contribution accounts, which includes their mandatory contributions, indebtedness payments, and interest earned. Terminated members' accounts may be attached to satisfy claims under Alaska Statute 09.38.065, federal income tax levies, and valid Qualified Domestic Relations Orders.

Reinstatement of Contributions: Refunded accounts and the corresponding TRS service may be reinstated upon reemployment in the TRS. Accounts attached to satisfy claims under Alaska Statute 09.38.065 or a federal tax levy may be reinstated at any time. Interest accrues on refunds until paid in full or members retire.

(7) Retirement Benefits

Eligibility:

- (a) Members, including deferred vested members, are eligible for normal retirement at age 60¹, or early retirement at age 55, if they have at least:
 - (i) eight years of paid-up membership service;
 - (ii) 15 years of paid-up creditable service, the last five years of which are membership service, and they were first hired under the TRS before July 1, 1975;
 - (iii) five years of paid-up membership service and three years of paid-up Alaska Bureau of Indian Affairs service;
 - (iv) 12 years of combined part-time and full-time paid-up membership service; or

¹ Members participating before July 1, 1990, are eligible for normal retirement at age 55 or early retirement at age 50.

2.1 Summary of the Alaska Teachers' Retirement System *(continued)*

- (v) two years of paid-up membership service if they are vested in the Public Employees' Retirement System (PERS).
- (b) Members may retire at any age when they have:
 - (i) 25 years of paid-up creditable service, the last five years of which are membership service;
 - (ii) 20 years of paid-up membership service;
 - (iii) 20 years of combined paid-up membership and Alaska Bureau of Indian Affairs service, the last five years of which are membership service; or
 - (iv) 20 years of combined paid-up part-time and full-time membership service.

Benefit Type: Lifetime benefits are paid to members. Eligible members may receive normal, unreduced benefits when they (1) reach normal retirement age and complete the service required; or (2) satisfy the minimum service requirements to retire at any age under (b) above. Members may receive early, actuarially reduced benefits when they reach early retirement age and complete the service required.

Members may select joint and survivor options. Under those options and early retirement, benefits are actuarially adjusted so that members receive the actuarial equivalents of their normal benefit amounts.

Benefit Calculation: Retirement benefits are calculated by multiplying the average base salary (ABS) times the total TRS service times the percentage multiplier. The ABS is determined by averaging the salaries earned during the three highest school years. Members must earn at least 115 days of credit in a school year to include it in the ABS calculation. The TRS pays a minimum benefit of \$25.00 per month for each year of service when the calculated benefit is less.

The percentage multipliers are 2% for the first 20 years and 2.5% for all remaining service. Service before July 1, 1990, is calculated at 2%.

Indebtedness: Members who terminate and are refunded their TRS contributions are not eligible to retire, unless they return to TRS employment and pay back their refunds, plus interest, or accrue additional service which qualifies them for retirement. TRS refunds must be paid in full if the corresponding service is to count toward the minimum service requirements for retirement. Refunded TRS service is included in total service for the purpose of calculating retirement benefits. However, when refunds are not completely paid before retirement, benefits are actuarially reduced for life.

2.1 Summary of the Alaska Teachers' Retirement System (continued)

(8) Reemployment of Retired Members

Retirees who return to work in a permanent full-time or part-time TRS position after a Normal Retirement have two options available, the Standard Option or the Waiver Option.

Under the Standard Option, retirement benefits are suspended while retired members are reemployed under the TRS. During reemployment, members earn additional TRS service and contributions are withheld from their wages.

If an Alaska school district has established that there is a shortage of teachers in a particular discipline or specialty and has passed a resolution to that effect, a retiree returning to work in a permanent full-time or part-time TRS position with that school district may exercise the Waiver Option. The Waiver Option allows a retiree who retired under a Normal Retirement to reemploy with a TRS employer and continue to receive a retirement benefit by signing a waiver of participation in the TRS. The Waiver Option became effective July 1, 2001 and applies to reemployment periods after that date.

The Waiver Option is not available to members who retired early or under the Retirement Incentive Program (RIP).

Members retired under the RIP who return to employment under the TRS, Public Employees' Retirement System (PERS), Judicial Retirement System (JRS) or the University of Alaska's Optional Retirement Plan will:

- (a) forfeit the three years of incentive credits that they received;
- (b) owe the TRS 110% of the benefits that they received under the RIP, which may include costs for health insurance, excluding amounts that they paid to participate; and
- (c) be charged 7% interest from the date that they are reemployed until their indebtedness is paid in full or they retire again. If the indebtedness is not completely paid, future benefits will be actuarially reduced for life.

(9) Postemployment Healthcare Benefits

When pension benefits begin, major medical benefits are provided without cost to (1) all employees first hired before July 1, 1990, and (2) members who have twenty-five years of membership service, are disabled or age sixty or older, regardless of their initial hire dates. Employees first hired after June 30, 1990, may receive major medical benefits prior to age sixty by paying premiums.

2.1 Summary of the Alaska Teachers' Retirement System *(continued)*

(10) Disability Benefits

Monthly disability benefits are paid to permanently disabled members until they die, recover or become eligible for normal retirement. To be eligible, members must have at least five years of paid-up membership service.

Disability benefits are equal to 50% of the member's base salary at the time of disability. The benefit is increased by 10% of the base salary for each minor child, up to a maximum of 40%. Members continue to earn TRS service until eligible for normal retirement.

Members are appointed to normal retirement on the first of the month after they become eligible.

(11) Disability Benefits

Monthly death benefits may be paid to a spouse or dependent children upon the death of a member. If monthly benefits are not payable under the supplemental contributions provision or occupational and nonoccupational death provisions, the designated beneficiary receives the lump sum benefit described below.

Occupational Death: When an active member dies from occupational causes, a monthly survivor's pension may be paid to the spouse, unless benefits are payable under the supplemental contributions provision (below). The pension equals 40% of the member's base salary on the date of death or disability, if earlier. If there is no spouse, the pension may be paid to the member's dependent children. On the member's normal retirement date, the benefit converts to a normal retirement benefit. The normal benefit is based on the member's average base salary on the date of death and service, including service accumulated from the date of the member's death to the normal retirement date.

Nonoccupational Death: When a vested member dies from nonoccupational causes, the surviving spouse may elect to receive a monthly 50% joint and survivor benefit or a lump sum benefit, unless benefits are payable under the supplemental contributions provision (below). The monthly benefit is calculated on the member's average base salary and TRS service accrued at the time of death.

Lump Sum Benefit: Upon the death of an active member who has less than one year of service or an inactive member who is not vested, the designated beneficiary receives the member's contribution account, which includes mandatory contributions, indebtedness payments, and interest earned. Any supplemental contributions will also be refunded. If the member has more than one year of TRS service, the beneficiary also receives \$1,000 and \$100 for each year of TRS service, up to a maximum of \$3,000. An additional \$500 may be payable if the member is survived by dependent children.

2.1 Summary of the Alaska Teachers' Retirement System *(continued)*

Supplemental Contributions Provision: Members are eligible for supplemental coverage if they joined the TRS before July 1, 1982, elected to participate in the supplemental provision, and made the required contributions. A survivor's allowance or spouse's pension (below) may be payable if the member made supplemental contributions for at least one year and dies while in membership service or while disabled under the TRS. In addition, the allowance and pension may be payable if the member dies while retired or in deferred vested status if supplemental contributions were made for at least five years.

- (a) Survivor's Allowance: If the member is survived by dependent children, the surviving spouse and dependent children are entitled to a survivor's allowance. The allowance for the spouse is equal to 35% of the member's base salary at the time of death or disability, plus 10% for each dependent child up to a maximum of 40%. The allowance terminates and a spouse's pension becomes payable when there is no longer an eligible dependent child.
- (b) Spouse's Pension: The spouse's pension is equal to 50% of the retirement benefit that the deceased member was receiving or would have received if retired at the time of death. The spouse's pension begins on the first of the month after the member's death or termination of the survivor's allowance.

Death After Retirement: If a joint and survivor option was selected at retirement, the eligible spouse receives continuing, lifetime monthly benefits after the member dies. A survivor's allowance or spouse's pension may be payable if the member participated in the supplemental contributions provision. If a joint and survivor option was not selected and benefits are not payable under the supplemental contributions provision, the designated beneficiary receives the member's contribution account, less any benefits already paid.

2.1 Summary of the Alaska Teachers' Retirement System *(continued)*

(12) Post Retirement Pension Adjustments

Post retirement pension adjustments (PRPAs) are granted annually to eligible benefit recipients when the consumer price index (CPI) increases during the preceding calendar year. PRPAs are calculated by multiplying the recipient's base benefit, including past PRPAs, times:

- (a) 75% of the CPI increase in the preceding calendar year or 9%, whichever is less, if the recipient is at least age 65 or on TRS disability; or
- (b) 50% of the CPI increase in the preceding calendar year or 6%, whichever is less, if the recipient is at least age 60, or under age 60 if the recipient has been receiving benefits for at least eight years.

Ad hoc PRPAs, up to a maximum of 4%, may be granted to eligible recipients who were first hired before July 1, 1990, if the CPI increases and the financial condition of the fund will permit an increase. In a year where an Ad Hoc PRPA is granted, eligible recipients will receive the higher of either the automatic or the Ad Hoc PRPA but not both.

(13) Alaska Cost of Living Allowance

Eligible benefit recipients who reside in Alaska receive an Alaska cost of living allowance (COLA) equal to 10% of their base benefits. The following benefit recipients are eligible:

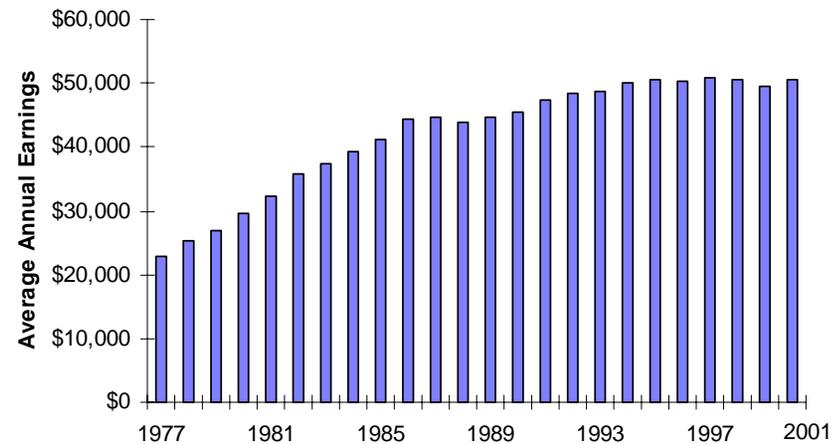
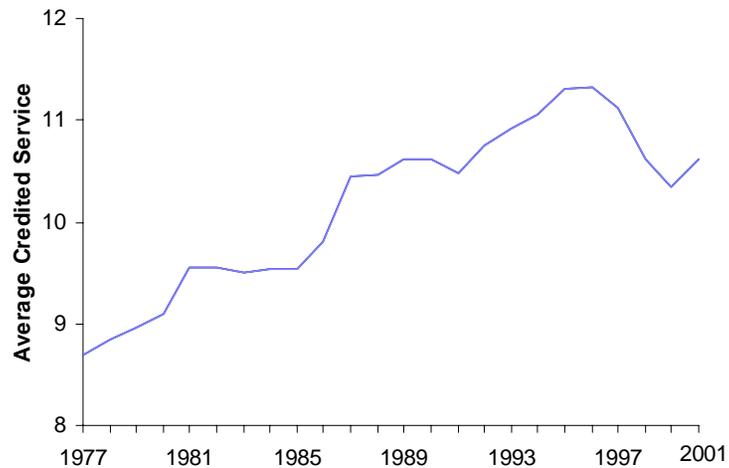
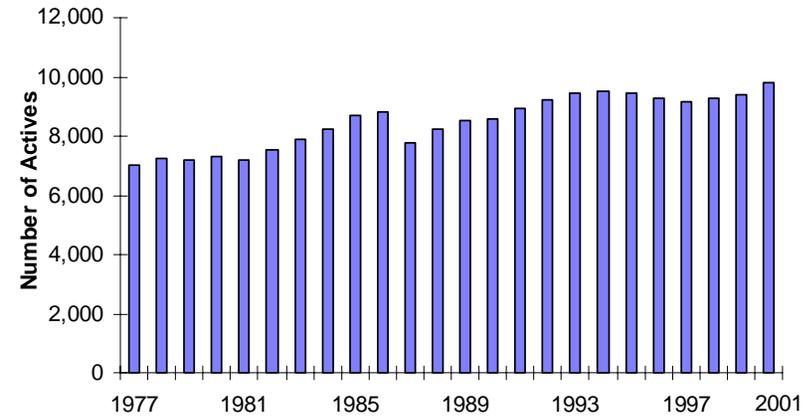
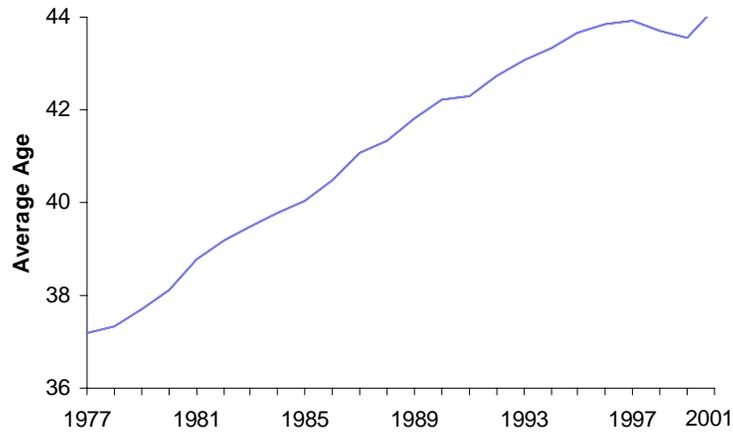
- (a) members who were first hired under the TRS before July 1, 1990, and their survivors;
- (b) members who were first hired under the TRS after June 30, 1990, and their survivors if they are at least age 65; and
- (c) all disabled members.

2.2(a) Participant Census Information

As of June 30	1996	1997	1998	1999	2001
Active Members					
(1) Number	9,259	9,164	9,262	9,396	9,815
(2) Average Age	43.87	43.93	43.69	43.56	44.19
(3) Average Credited Service	11.33	11.12	10.62	10.34	10.62
(4) Average Annual Salary	\$ 50,241	\$ 50,901	\$ 50,684	\$ 49,640	\$ 50,554
(5) Number Vested	5,491	5,366	5,285	5,256	5,499
(6) Percent Who Are Vested	59.3%	58.6%	57.1%	55.9%	56.0%
Members Receiving Benefits					
(1) Number	4,803	5,343	5,979	6,486	7,333
(2) Average Age	62.94	62.87	62.67	62.74	63.17
(3) Average Monthly Benefit:					
Base	\$ 1,703	\$ 1,750	\$ 1,819	\$ 1,859	\$ 1,903
C.O.L.A.	105	110	115	118	119
P.R.P.A.	248	441	431	411	448
Adjustment	-4	-15	1	0	0
Total	2,062	2,286	2,366	2,388	2,470
Vested Terminations					
(1) Number	1,116	1,279	1,064	1,150	767
(2) Average Age	49.31	49.62	49.59	49.89	49.15
(3) Average Monthly Benefit	\$ 1,431	\$ 1,471	\$ 1,397	\$ 1,447	\$ 1,217
Non-Vested Terminations With Account Balances					
(1) Number	1,195	1,310	1,285	1,297	2,207
(2) Average Account Balance	\$ 12,782	\$ 14,387	\$ 12,437	\$ 13,108	\$ 10,142

2.2(a) Participant Census Information (continued)

State of Alaska - TRS Actives



2.2(b) Distribution of Active Participants

Annual Earnings By Age				Annual Earnings By Credited Service			
Age	Number of People	Total Annual Earnings	Average Annual Earnings	Years Of Service	Number of People	Total Annual Earnings	Average Annual Earnings
0-19	0	\$ 0	\$ 0	0	32	\$ 316,769	\$ 9,899
20-24	52	1,816,069	34,924	1	702	25,404,067	36,188
25-29	680	25,174,514	37,021	2	714	27,709,205	38,808
30-34	1,109	44,101,662	39,767	3	745	29,972,161	40,231
35-39	1,181	52,306,222	44,290	4	626	25,917,315	41,401
40-44	1,583	77,127,255	48,722	0-4	2,819	109,319,517	38,780
45-49	2,062	111,095,978	53,878	5-9	2,174	100,939,783	46,430
50-54	1,938	109,953,700	56,736	10-14	1,866	99,982,938	53,581
55-59	881	53,381,846	60,592	15-19	1,508	91,461,202	60,651
60-64	279	17,804,048	63,814	20-24	912	57,859,614	63,443
65-69	43	2,922,679	67,969	25-29	399	26,754,258	67,053
70-74	5	390,406	78,081	30-34	114	7,903,919	69,333
75+	2	113,404	56,702	35-39	20	1,633,685	81,684
				40+	3	332,867	110,956
Total	9,815	\$496,187,783	\$ 50,554	Total	9,815	\$496,187,783	\$ 50,554

Years of Credited Service By Age

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
0-19	0	0	0	0	0	0	0	0	0	0
20-24	51	1	0	0	0	0	0	0	0	52
25-29	632	48	0	0	0	0	0	0	0	680
30-34	648	415	46	0	0	0	0	0	0	1,109
35-39	379	445	326	31	0	0	0	0	0	1,181
40-44	362	389	435	335	62	0	0	0	0	1,583
45-49	323	395	489	479	331	45	0	0	0	2,062
50-54	265	298	381	430	313	220	31	0	0	1,938
55-59	115	129	142	170	155	102	63	5	0	881
60-64	38	51	37	57	43	28	16	9	0	279
65-69	6	3	8	4	7	4	4	5	2	43
70-74	0	0	1	2	0	0	0	1	1	5
75+	0	0	1	0	1	0	0	0	0	2
Total	2,819	2,174	1,866	1,508	912	399	114	20	3	9,815

2.2(c) Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Payroll (000's)	Annual Average Pay	Percent Increase/ (Decrease) in Average Pay	Number of Participating Employers
June 30, 2001	9,815	\$ 496,188	\$ 50,544	1.8%	60
June 30, 1999	9,396	466,414	49,640	(2.1%)	61
June 30, 1998	9,262	469,433	50,684	(0.4%)	61
June 30, 1997	9,164	466,455	50,901	1.3%	61
June 30, 1996	9,259	465,182	50,241	(0.5%)	61
June 30, 1995	9,452	477,205	50,487	0.6%	61
June 30, 1994	9,489	476,098	50,174	3.2%	61
June 30, 1993	9,459	459,746	48,604	0.2%	61
June 30, 1992	9,238	448,186	48,515	2.2%	62
June 30, 1991	8,903	422,655	47,473	4.6%	62
June 30, 1990	8,586	389,702	45,388	1.8%	60

2.2(d) Statistics on New Benefit Recipients

During the Year Ending June 30	1996	1997	1998	1999	2000/2001
Service					
(1) Number	308	510	657	525	967
(2) Average Age at Commencement	53.77	53.68	53.09	53.85	53.88
(3) Average Monthly Benefit	\$ 2,349	\$ 2,488	\$ 2,551	\$ 2,521	\$ 2,303
Disability					
(1) Number	13	8	9	17	20
(2) Average Age at Commencement	52.98	44.02	44.96	48.51	50.78
(3) Average Monthly Benefit	\$ 2,542	\$ 2,409	\$ 2,065	\$ 2,577	\$ 3,068
Survivor (including surviving spouse and QDRO's)					
(1) Number	20	47	47	56	70
(2) Average Age at Commencement	53.14	60.37	61.39	58.11	60.66
(3) Average Monthly Benefit	\$ 1,038	\$ 1,226	\$ 1,128	\$ 1,095	\$ 1,286
Total					
(1) Number	341	565	713	598	1,057
(2) Average Age at Commencement	53.70	54.10	53.52	54.10	54.25
(3) Average Monthly Benefit	\$ 2,279	\$ 2,382	\$ 2,451	\$ 2,389	\$ 2,238

2.2(e) Schedule of Average Benefit Payments – New Benefit Recipients

	Years of Credited Service						
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Period 7/1/99 - 6/30/01:							
Average Monthly Benefit	\$ 1,514	\$ 1,021	\$ 1,488	\$ 1,935	\$ 2,435	\$ 2,551	\$ 2,864
Number of Recipients	2	33	101	237	374	201	109
Period 7/1/98 - 6/30/99:							
Average Monthly Benefit	\$ 1,230	\$ 820	\$ 1,152	\$ 1,691	\$ 2,510	\$ 3,285	\$ 3,756
Number of Recipients	23	43	67	81	176	153	55
Period 7/1/97 - 6/30/98:							
Average Monthly Benefit	\$ 1,051	\$ 850	\$ 1,095	\$ 1,842	\$ 2,590	\$ 3,443	\$ 4,280
Number of Recipients	26	51	80	105	240	154	57
Period 7/1/96 - 6/30/97:							
Average Monthly Benefit	\$ 996	\$ 828	\$ 1,042	\$ 1,692	\$ 2,493	\$ 3,353	\$ 3,812
Number of Recipients	19	42	71	77	151	153	52
Period 7/1/95 - 6/30/96:							
Average Monthly Benefit	\$ 952	\$ 836	\$ 1,145	\$ 1,731	\$ 2,389	\$ 3,138	\$ 3,317
Number of Recipients	15	24	40	31	115	86	30
Period 7/1/94 - 6/30/95:							
Average Monthly Benefit	\$ 1,204	\$ 748	\$ 1,033	\$ 1,716	\$ 2,398	\$ 3,041	\$ 3,958
Number of Recipients	7	22	47	36	129	89	38
Period 7/1/93 - 6/30/94:							
Average Monthly Benefit	\$ 1,161	\$ 576	\$ 1,151	\$ 1,605	\$ 2,354	\$ 3,176	\$ 3,685
Number of Recipients	7	11	35	24	107	72	24
Period 7/1/92 - 6/30/93:							
Average Monthly Benefit	\$ 408	\$ 1,002	\$ 1,015	\$ 1,561	\$ 2,258	\$ 3,090	\$ 3,043
Number of Recipients	7	17	23	9	62	37	10

"Average Monthly Benefit" includes post-retirement pension adjustments and cost-of-living increases.

2.2(f) Statistics on All Benefit Recipients

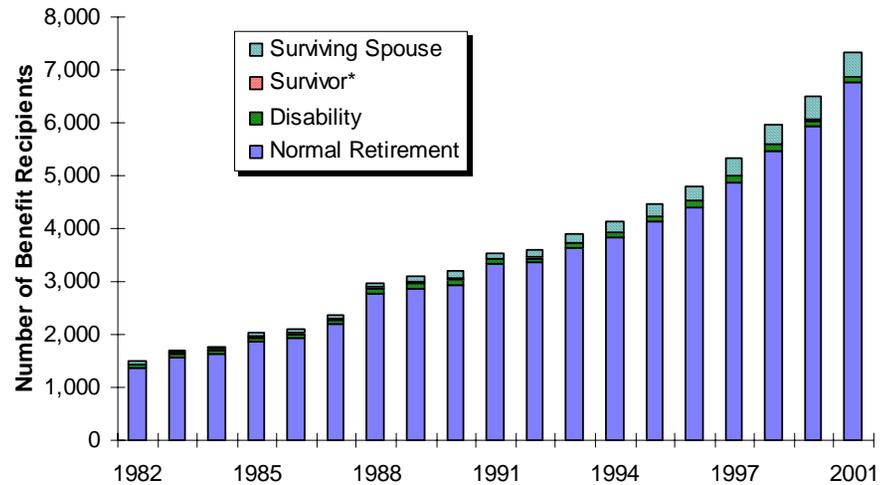
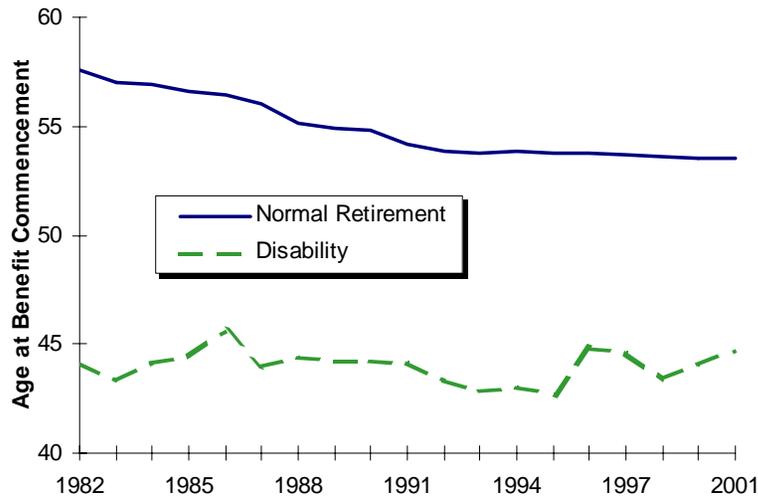
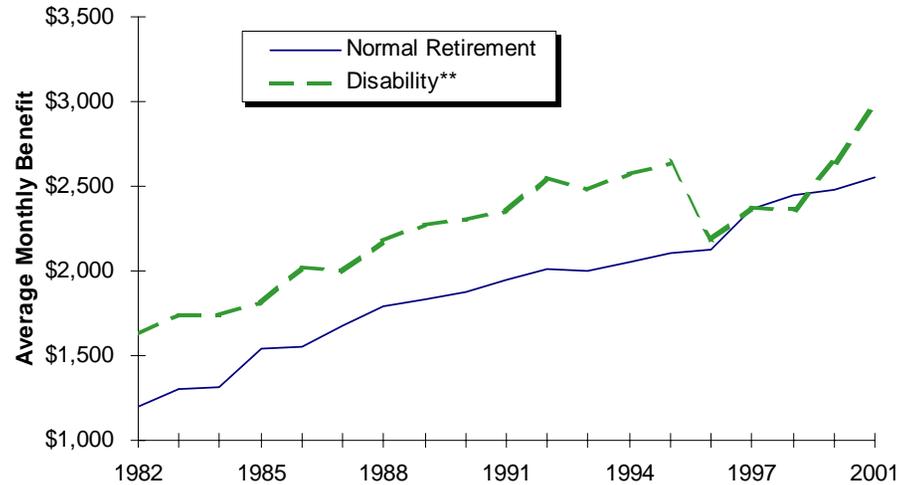
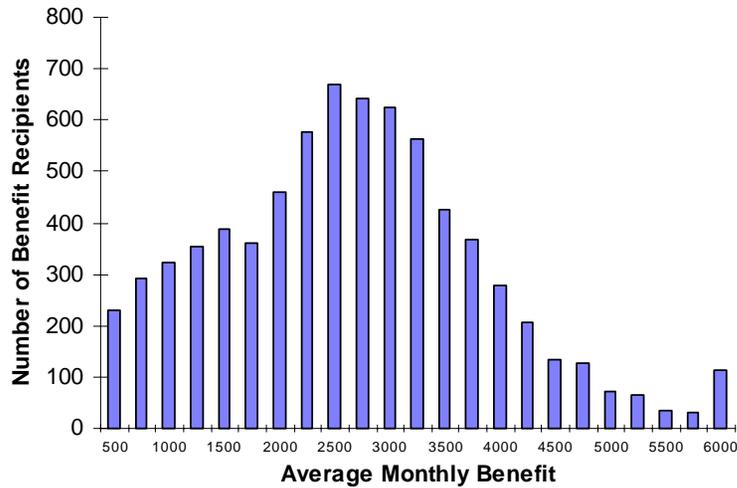
As of June 30	1996	1997	1998	1999	2000/2001
Service					
(1) Number, Fiscal Year Start	4,130	4,395	4,873	5,467	5,924
(2) Net Change	265	478	594	457	830
(3) Number, Fiscal Year End	4,395	4,873	5,467	5,924	6,754
(4) Average Age at Commencement	53.78	53.70	53.57	53.55	53.52
(5) Average Age Now	63.20	63.07	62.69	62.73	63.12
(6) Average Monthly Benefit	\$ 2,126	\$ 2,365	\$ 2,451	\$ 2,479	\$ 2,549
Surviving Spouse's Benefits (Includes QDRO's)					
(1) Number, Fiscal Year Start	229	279	334	382	414
(2) Net Change	50	55	48	32	55
(3) Number, Fiscal Year End	279	334	382	414	469
(4) Average Age at Commencement	54.59	55.37	57.95	58.55	56.06
(5) Average Age Now	64.56	64.61	66.59	67.32	66.48
(6) Average Monthly Benefit	\$ 1,016	\$ 1,132	\$ 1,173	\$ 1,168	\$ 1,246
Survivor's Benefits (other than spouses)					
(1) Number, Fiscal Year Start	8	3	3	6	37
(2) Net Change	(5)	0	3	31	(28)
(3) Number, Fiscal Year End	3	3	6	37	9*
(4) Average Age at Commencement	15.12	30.75	33.76	41.55	49.80
(5) Average Age Now	26.08	40.16	47.04	45.48	54.66
(6) Average Monthly Benefit	\$ 466	\$ 537	\$ 464	\$ 684	\$ 545
Disabilities					
(1) Number, Fiscal Year Start	92	126	133	124	111
(2) Net Change	34	7	(9)	(13)	(10)
(3) Number, Fiscal Year End	126	133	124	111	101
(4) Average Age at Commencement	44.74	44.60	43.44	44.03	44.72
(5) Average Age Now	51.31	51.66	50.81	51.56	52.04
(6) Average Monthly Benefit	\$ 2,185	\$ 2,370	\$ 2,361	\$ 2,644	\$ 2,969**
Total Number of Benefit Recipients	4,803	5,343	5,979	6,486	7,333

*Includes surviving dependents only. In 1999 all dependents were included.

**Includes benefit increases due to dependents.

2.2(f) Statistics on All Benefit Recipients (continued)

State of Alaska - TRS Benefit Recipients



2.2(g) Distribution of Annual Benefits for Benefit Recipients

Annual Benefit By Age				Annual Benefit By Years Since Commencement			
Age	Number of People	Total Annual Benefit	Average Annual Benefit	Years Since Commencement	Number of People	Total Annual Benefit	Average Annual Benefit
0-19	2	\$ 61,469	\$ 30,735	0	116	\$ 2,658,142	\$22,915
20-24	1	35,612	35,612	1	370	9,170,044	24,784
25-29	0	0	0	2	621	17,723,099	28,540
30-34	2	28,031	14,016	3	582	17,261,769	29,659
35-39	4	95,290	23,823	4	724	22,214,836	30,683
40-44	37	887,968	23,999	0-4	2,413	69,027,890	28,607
45-49	217	6,206,030	28,599	5-9	1,686	50,596,573	30,010
50-54	995	29,806,046	29,956	10-14	1,535	49,128,557	32,006
55-59	1,766	53,090,688	30,063	15-19	843	26,618,389	31,576
60-64	1,531	47,058,211	30,737	20-24	526	13,770,187	26,179
65-69	1,051	32,319,297	30,751	25-29	280	6,805,890	24,307
70-74	739	21,708,592	29,376	30-34	42	1,097,560	26,132
75+	988	25,973,812	26,289	35-39	7	194,026	27,718
				40+	1	31,974	31,974
Total	7,333	\$217,271,046	\$ 29,629	Total	7,333	\$217,271,046	\$29,629

Years Since Benefit Commencement By Age

Age	Years Since Commencement									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
0-19	1	1	0	0	0	0	0	0	0	2
20-24	1	0	0	0	0	0	0	0	0	1
25-29	0	0	0	0	0	0	0	0	0	0
30-34	2	0	0	0	0	0	0	0	0	2
35-39	4	0	0	0	0	0	0	0	0	4
40-44	29	7	1	0	0	0	0	0	0	37
45-49	190	21	3	2	0	0	1	0	0	217
50-54	696	232	62	2	2	1	0	0	0	995
55-59	905	528	302	24	5	1	1	0	0	1,766
60-64	358	558	484	120	8	2	1	0	0	1,531
65-69	148	215	388	247	46	5	2	0	0	1,051
70-74	36	92	207	242	149	13	0	0	0	739
75+	43	32	88	206	316	258	37	7	1	988
Total	2,413	1,686	1,535	843	526	280	42	7	1	7,333

2.2(h) Schedule of Benefit Recipients by Type of Benefit and Option Selected

Amount of Monthly Benefit		Number of Recipients	Type of Benefit			Option Selected			
			1	2	3	Opt. 1	Opt. 2	Opt. 3	Opt. 4
\$ 1	\$ 300	84	68	16	0	50	17	15	2
301	– 600	242	191	51	0	143	41	46	12
601	– 900	379	314	65	0	239	72	51	17
901	– 1200	422	360	62	0	271	80	63	8
1201	– 1500	458	412	46	0	301	83	61	13
1501	– 1800	446	396	49	1	310	58	68	10
1801	– 2100	579	545	25	9	383	81	102	13
2101	– 2400	780	741	27	12	499	116	151	14
2401	– 2700	782	742	18	22	507	114	146	15
2701	– 3000	746	707	22	17	517	81	135	13
3001	– 3300	638	615	14	9	444	55	131	8
3301	– 3600	512	491	12	9	344	49	111	8
3601	– 3900	401	376	12	13	267	31	97	6
Over 3,900		864	796	59	9	587	69	190	18
Totals		7,333	6,754	478	101	4,862	947	1,367	157

Type of Benefit

- 1 - Normal retirement
- 2 - Survivor payment
- 3 - Disability retirement

- Option 1 - Whole Life Annuity
- Option 2 - 75% Joint and Contingent Annuity
- Option 3 - 50% Joint and Contingent Annuity
- Option 4 - 66 2/3% Joint and Survivor Annuity

2.2(i) Schedule of Benefit Recipients Added to and Removed from Rolls

Year Ended	Added to Rolls		Removed from Rolls		Rolls – End of Year		Percent Increase in Annual Allowances	Average Annual Allowance
	No.*	Annual Allowances*	No.*	Annual Allowances*	No.	Annual Allowances		
June 30, 2001	1,057	\$39,213,327	210	\$7,790,727	7,333	\$217,271,046	16.91%	\$29,629
June 30, 1999	598	19,014,567	91	2,893,521	6,486	185,848,446	9.50%	28,654
June 30, 1998	674	24,479,595	38	1,380,155	5,979	169,727,400	15.75%	28,387
June 30, 1997	583	29,988,351 ⁽¹⁾	43	2,211,834 ⁽¹⁾	5,343	146,627,960	23.37%	27,443
June 30, 1996	376	8,410,895	32	441,353	4,803	118,851,443	7.19%	24,745
June 30, 1995	368	10,386,432	43	94,443	4,459	110,881,901	10.23%	24,867
June 30, 1994	280	8,923,551	37	616,360	4,134	100,589,912	9.00%	24,332
June 30, 1993	344	6,874,777	55	1,044,709	3,891	92,282,721	6.74%	23,717
June 30, 1992	120	5,799,044	62	1,436,106	3,602	86,452,653	5.31%	24,001
June 30 1991	519	14,827,829	159	3,535,365	3,544	82,089,715	15.95%	23,163

* Numbers are estimated, and include other internal transfers.

⁽¹⁾ Includes additional benefits to current retirees from a one-time retroactive ad hoc Post-Retirement Pension Adjustments

2.3 Summary of Actuarial Assumptions and Methods

The demographic and economic assumptions used in this valuation were recommended by William M. Mercer, Incorporated at the Fall 2000 TRS Board Meeting and adopted by the Board in December 2000. These assumptions were result of an experience study performed in the Fall of 2000. The funding method used in this valuation was adopted June 30, 1985. The asset smoothing method used to determine valuation assets was changed effective June 30, 2000.

Valuation of Liabilities

- (A) **Actuarial Method** – Projected Unit Credit. Liabilities and contributions shown in the report are computed using the Projected Unit Credit method of funding. Any funding surpluses or unfunded accrued liability is amortized over a rolling 25 years.

The objective under this method is to fund each participant's benefits under the plan as they accrue. Thus, each participant's total pension projected to retirement with salary scale is broken down into units, each associated with a year of past or future service. The principle underlying the method is that each unit is funded in the year for which it is credited. Typically, when the method is introduced there will be an initial liability for benefits credited for service prior to the date, and to the extent that this liability is not covered by Assets of the Plan there is an Unfunded Liability to be funded over a chosen period in accordance with an amortization schedule.

An Accrued Liability is calculated at the valuation date as the present value of benefits credited with respect to service to that date.

The Unfunded Liability at the valuation date is the excess of the Accrued Liability over the Assets of the Plan. The level annual payment to be made over a stipulated number of years to amortize the Unfunded Liability is the Past Service Cost.

The Normal Cost is the present value of those benefits which are expected to be credited with respect to service during the year beginning on the valuation date.

Under this method, differences between the actual experience and that assumed in the determination of costs and liabilities will emerge as adjustments in the Unfunded Liability, subject to amortization.

2.3 Summary of Actuarial Assumptions and Methods *(continued)*

(B) Actuarial Assumptions

Investment Return	8.25% per year, compounded annually, net of expenses.
Salary Scale	Inflation – 3.5% per year Merit (first 5 years of employment) – 1.5% per year. Productivity – 0.5% per year
Total Inflation	Total inflation as measured by the Consumer Price Index for urban and clerical workers for Anchorage is assumed to increase 3.5% annually.
Health Cost Trend	FY01 - 7.5% FY02 - 6.5% FY03 - 5.5% FY04 - FY08 5.0% FY09 - FY13 4.5% FY14 and later 4.0%
Mortality	1994 Group Annuity Mortality Basic Table for males and females, 1994 Base Year. All deaths are assumed to result from non-occupational causes.
Total Turnover	Select and ultimate rates based upon the 1997-99 actual withdrawal experience. (See Table 1).
Disability	Incidence rates based upon the 1991-95 actual experience, in accordance with Table 2. Post-disability mortality in accordance with rates published by the Pension Benefit Guaranty Corporation to reflect mortality of those receiving disability benefits under Social Security.
Retirement	Retirement rates based upon the 1997-99 actual experience in accordance with Table 3.
Spouse's Age	Wives are assumed to be four years younger than husbands.
Dependent Children	Benefits to dependent children have been valued assuming members who are not single have one dependent child.

2.3 Summary of Actuarial Assumptions and Methods *(continued)*

(B) Actuarial Assumptions *(continued)*

Contribution Refunds	100% of those terminating after age 35 who are vested will leave their contributions in the fund and thereby retain their deferred vested benefit. All others who terminate are assumed to have their contributions refunded.
C.O.L.A.	Of those benefit recipients who are eligible for the C.O.L.A., 65% are assumed to remain in Alaska and receive the C.O.L.A.
New Entrants	Growth projections are made for the active TRS population under three scenarios: Pessimistic: 0% per year Median: 1% per year Optimistic: 2% per year
Sick Leave	4.7 days of unused sick leave for each year of service will be available to be credited once the member is retired.
Post-Retirement Pension	50% and 75% of assumed inflation is valued for the automatic Post-Retirement Pension Adjustment (PRPA) as specified in the statute.
Expenses	Expenses are covered in the investment return assumption.

2.3 Summary of Actuarial Assumptions and Methods *(continued)*

(C) Valuation of Assets

In the development of valuation assets, we use an expected investment return equal to the investment return assumption of 8.25%. The valuation assets are then compared to a 5% corridor around the market value of assets. Any amount below the corridor is a current deferred gain and any amount above the corridor is a current deferred loss. The outstanding balance of previously deferred amounts is determined. If both the outstanding balance and any current amount are deferred gains or losses, the greater of the two is amortized. If one of either the outstanding balance or the current amount is a deferred gain and the other is deferred loss, the difference is amortized. The amount amortized is applied to the employer contribution rate as a level percentage of the present value of pay over 20 years under the 1% population projection scenario.

Valuation assets cannot be outside the range of 80% to 120% of the market value of assets. All assets are valued at market value. Assets are accounted for on an accrued basis and are taken directly from audited financial statements provided by KPMG LLP.

(D) Valuation of Medical Benefits

Medical benefits for retirees are provided by the payment of premiums from the fund. A pre-65 cost and lower post-65 cost (due to Medicare) are assumed such that the total rate for all retirees equals the present premium rate assumption. These medical premiums are then increased with the health inflation assumption. The actuarial cost method used for funding retirement benefits is also used to fund health benefits.

For FY02, the pre-65 monthly premium is \$754.76 and the post-65 premium is \$287.53, based on an assumed total blended premium of \$577.40. For the time period January 1, 2002 to December 31, 2002, the actual blended premium as provided by the State of Alaska, Division of Retirement and Benefits, is \$668.00.

2.3 Summary of Actuarial Assumptions and Methods *(continued)*

Table 1
Alaska TRS
Total Turnover Assumptions

Select Rates of Turnover During the First 8 Years of Employment		Ultimate Rates of Turnover After the First 8 Years of Employment	
<u>Year of Employment</u>	<u>Rate</u>	<u>Ages</u>	<u>Rate</u>
1	.10	20+	.04
2	.10		
3	.09		
4	.09		
5	.08		
6	.07		
7	.06		
8	.05		

2.4 Summary of Actuarial Assumptions and Methods (continued)

Table 2
Alaska TRS
Disability Rates
Annual Rates Per 1,000 Employees

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
20	.28	43	.54
21	.28	44	.59
22	.29	45	.65
23	.29	46	.70
24	.30	47	.76
25	.30	48	.83
26	.30	49	.89
27	.31	50	.96
28	.32	51	1.04
29	.33	52	1.14
30	.34	53	1.27
31	.34	54	1.42
32	.35	55	1.60
33	.36	56	1.84
34	.37	57	2.14
35	.38	58	2.44
36	.40	59	2.88
37	.41	60	3.37
38	.43	61	3.90
39	.44	62	4.52
40	.46	63	5.22
41	.48	64	5.96
42	.51		

2.5 Summary of Actuarial Assumptions and Methods *(continued)*

Table 3
Alaska TRS
Retirement Rates

<u>Age at Retirement</u>	<u>Retirement Rate</u>
50	.05
51	.05
52	.05
53	.05
54	.05
55	.15
56	.13
57	.10
58	.10
59	.10
60	.10
61	.10
62	.10
63	.17
64	.17
65	.50
66 & up	1.00

Teachers retiring at ages under 50 are assumed to retire immediately upon attaining 21 years of service.

Section 3

Section 3.1 Shows the analysis of financial experience.

Section 3.2 Shows the summary of accrued and unfunded accrued liabilities.

Section 3.3 Shows the solvency test.

3.1 Analysis of Financial Experience

**Change in Employer Contribution Rate
Due to Gains and Losses in Accrued Liabilities
During the Last Five Fiscal Years Resulting From
Differences Between Assumed Experience and Actual Experience**

Type of Gain or Loss	Change in Employer Contribution Rate During Fiscal Year				
	2001	2000	1999	1998	1997
(1) Health Experience	0.00%	0.00%	0.00%	0.00%	0.00%
(2) Salary Experience	(1.68%)	0.00%	(0.64%)	(0.84%)	(0.05%)
(3) Investment Experience	1.35%	(3.35%)	(3.73%)	(2.70%)	(1.80%)
(4) Demographic Experience	2.66%	(0.91%)	0.80%	0.54%	1.56%
(5) Miscellaneous	0.00%	0.00%	0.00%	0.00%	0.00%
(6) (Gain) or Loss During Year From Experience, (1) + (2) + (3) + (4) + (5)	2.33%	(4.26%)	(3.57%)	(3.00%)	(0.29%)
Non-recurring Changes					
(7) Asset Valuation Method	0.00%	(1.38%)	0.00%	0.00%	0.00%
(8) Assumption Changes	0.00%	6.68%	0.00%	0.00%	0.00%
(9) System Benefit Changes	0.17%	N/A	N/A	N/A	N/A
(10) Administrative System Changes	3.49%	N/A	N/A	N/A	N/A
(11) Ad hoc PRPA	0.16%	0.16%	0.11%	0.55%	2.77%
(12) Composite (Gain) or Loss During Year, (6) + (7) + (8) + (9) + (10) + (11)	6.15%	1.20%	(3.46%)	(2.45%)	2.48%
(13) Beginning Total Employer Contribution Rate	8.29%	7.09%	10.55%	13.00%	10.52%
(14) Ending Total Employer Contribution Rate, (12) + (13)	14.44%	8.29%	7.09%	10.55%	13.00%

3.2 Summary of Accrued and Unfunded Accrued Liabilities

Valuation Date	Aggregate Accrued Liability (000's)	Valuation Assets (000's)	Assets as a Percent of Accrued Liability	Unfunded Accrued Liabilities (UAL) (000's)	Annual Active Member Payroll (000's)	UAL as a Percent of Annual Active Member Payroll
June 30, 2001	\$ 4,603,147	\$ 4,372,229	95.0%	230,918	\$ 496,188	46.5%
June 30, 2000 ⁽¹⁾⁽²⁾	4,198,868	4,184,015	99.6%	14,853	482,571	3.1%
June 30, 1999	3,720,954	3,815,633	102.5%	N/A	466,414	N/A
June 30, 1998	3,528,757	3,446,070	97.7%	82,687	469,433	17.6%
June 30, 1997	3,320,069	3,120,044	94.0%	200,025	466,455	42.9%
June 30, 1996 ⁽²⁾	2,940,437	2,858,756	97.2%	81,681	465,182	17.6%
June 30, 1995	2,913,467	2,647,392	90.9%	266,075	477,205	55.8%
June 30, 1994 ⁽¹⁾⁽²⁾	2,761,409	2,472,957	89.6%	288,452	476,098	60.6%
June 30, 1993	2,429,456	2,261,082	93.1%	168,374	459,746	36.6%
June 30, 1992 ⁽¹⁾	2,231,746	2,001,864	89.7%	229,882	448,186	51.3%

⁽¹⁾ Change in Asset Valuation Method

⁽²⁾ Change of Assumptions

3.3 Solvency Test

Valuation Date	Aggregate Accrued Liability For:			Valuation Assets (000's)	Portion of Accrued Liabilities Covered by Assets		
	(1) Active Member Contributions (000's)	(2) Inactive Members (000's)	(3) Active Members (Employer-Financed Portion) (000's)		(1)	(2)	(3)
June 30, 2001	\$533,752	\$3,213,431	\$855,964	\$4,372,229	100%	100%	73.0%
June 30, 2000 ⁽¹⁾⁽²⁾	490,176	2,872,250	836,442	4,184,015	100%	100%	98.2%
June 30, 1999	469,068	2,571,345	680,541	3,815,633	100%	100%	100%
June 30, 1998	449,383	2,344,263	735,111	3,446,070	100%	100%	88.8%
June 30, 1997	483,735	2,095,843	780,491	3,120,044	100%	100%	69.2%
June 30, 1996 ⁽²⁾	451,249	1,689,636	799,552	2,858,756	100%	100%	89.8%
June 30, 1995	437,089	1,531,406	944,972	2,647,392	100%	100%	71.8%
June 30, 1994 ⁽¹⁾⁽²⁾	398,990	1,419,506	942,913	2,472,957	100%	100%	69.4%
June 30, 1993	370,667	1,223,220	835,569	2,261,082	100%	100%	79.8%
June 30, 1992 ⁽¹⁾	341,204	1,110,981	779,561	2,001,864	100%	100%	70.5%

(1) Change in Asset Valuation Method

(2) Change of Assumptions